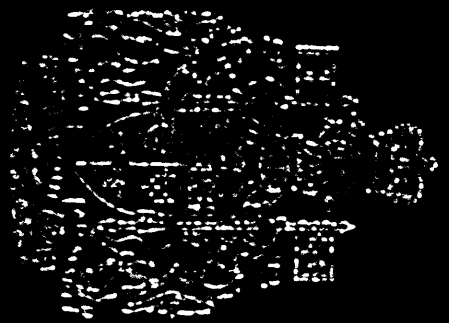

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Greg Donaghy

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INTRODUCTION

INTRODUCTION

Au printemps de 1951, la guerre froide est entrée dans sa phase la plus glaciale et la plus dangereuse. Les perspectives de guerre étaient aussi immédiates qu'effrayantes. L'apparente volonté manifestée par l'Union soviétique d'appuyer l'intervention de la Chine en Corée a convaincu les observateurs canadiens que Moscou était prête à risquer une «troisième guerre mondiale» pour atteindre ses objectifs territoriaux et stratégiques. Malgré ses efforts de réarmement, l'Alliance nord-atlantique demeurait dangereusement faible. L'Armée rouge, selon les estimations des fonctionnaires canadiens, était en mesure d'«occuper l'Europe de l'Ouest jusqu'aux Pyrénées en trois mois». Une avance communiste contre l'ensemble de l'Asie du Sud-Est — en passant par l'Indochine, la Birmanie, la Malaisie et l'Indonésie jusqu'en Inde et au Pakistan — était considérée une «possibilité imminente». La Perse (l'Iran) et le Moyen-Orient étaient également menacés. «Bref, avertissait un mémoire au Cabinet en décembre 1950, les récents succès des communistes mettent à jour la sombre possibilité qu'au cours d'une guerre généralisée ou encore à la suite d'une attrition à la pièce, l'ensemble de l'Asie et de l'Europe, exception faite du Royaume-Uni, de l'Espagne et du Portugal, ne tombe rapidement sous la domination soviétique»[1]. Inévitablement, ces circonstances ont eu de profondes répercussions sur la politique étrangère du Canada en 1951. Elles ont étayé le désir d'Ottawa de tempérer le comportement des Américains en Asie tout en incitant le Canada à déployer davantage d'efforts pour prévenir la guerre en Europe de l'Ouest et dans l'Atlantique Nord.

Au début de l'année, Ottawa portait une attention particulière à la crise en Corée, où la détermination croissante de Washington de voir les Nations unies qualifier la Chine d'agresseur menaçait de transformer une action policière restreinte en une guerre tous azimuts. Lester B. Pearson, secrétaire d'État aux Affaires extérieures, retourna à New York au début de janvier et redoubla d'efforts pour qu'intervienne un cessez-le-feu entre la Chine et les Nations unies (documents 19 à 78). Par ailleurs, le premier ministre Louis Saint-Laurent, qui rencontrait à Londres ses collègues du Commonwealth, mit les bouchées doubles pour garantir que l'Inde et ses amis non alignés continuent d'appuyer l'Occident au cas où il s'avérerait impossible de négocier une trêve (documents 525 à 540). Ces documents, qui témoignent des sentiments d'urgence et d'inquiétude qui ont saisi les décideurs canadiens au cours des quelques premiers mois de l'année, nous donnent un aperçu aussi rare que fascinant de la poursuite par Saint-Laurent et Pearson d'objectifs diplomatiques semblables de part et d'autre de l'Atlantique.

Pourtant, ces efforts auront finalement été vains. L'Assemblée générale des Nations unies a approuvé, au début de février 1951, une résolution américaine qui qualifiait la Chine d'agresseur. Ce geste, qui aura eu pour effet d'exclure la Chine de l'organisation internationale durant deux décennies, allait mettre à l'épreuve l'ingéniosité des générations successives de décideurs canadiens dans leur quête de moyens toujours plus subtils pour sortir la Chine de son isolement (document 949). Bien que le Canada ait appuyé la résolution des Nations unies, il l'a fait à

[1] Cité dans Greg Donaghy (dir.), *Documents relatifs aux Relations extérieures du Canada*, vol. 16, Ottawa, 1996, p. 1160.

INTRODUCTION

In the spring of 1951, the Cold War entered its chilliest and most dangerous phase yet. The prospects of war were immediate and frightening. The Soviet Union's apparent willingness to support China's intervention in Korea convinced Canadian observers that Moscow was willing to risk a "third world war" to achieve its territorial and strategic objectives. The North Atlantic alliance, despite its efforts to rearm, remained dangerously weak. The Red Army, Canadian officials estimated, could "occupy Western Europe to the Pyrenees in three months." A Communist advance against the whole of Southeast Asia — sweeping through Indo-China, Burma, Malaya and Indonesia all the way to India and Pakistan — was considered "an early possibility." Persia (Iran) and the Middle East were also threatened. "In short," warned a December 1950 memorandum to Cabinet, "recent Communist successes disclose the stark possibility that, either in the course of a general war or as a result of piece-meal attrition, the whole of Asia and Europe, apart from the United Kingdom, Spain and Portugal, might fall rapidly under Soviet domination."[1] Inevitably, these circumstances had a profound impact on Canadian foreign policy in 1951. They reinforced Ottawa's desire to moderate American behaviour in Asia, while simultaneously spurring Canada to greater efforts to deter war in Western Europe and the North Atlantic.

As the new year began, Ottawa's attention was firmly fixed on the crisis in Korea, where Washington's growing determination to have the United Nations declare China an aggressor threatened to transform a limited police action into a full-scale war. Lester B. Pearson, the Secretary of State for External Affairs, returned to New York in early January and redoubled his earlier efforts to broker a cease-fire between China and the United Nations (Documents 19 to 78). At the same time, the Prime Minister, Louis St. Laurent, who was meeting in London with his Commonwealth colleagues, tried hard to ensure that India and its non-aligned friends would continue to support the West should a truce prove impossible to arrange (Documents 525 to 540). These documents, which reflect the urgency and concern that gripped Canadian policy-makers during the first few months of the year, provide a rare and fascinating glimpse of St. Laurent and Pearson pursuing similar diplomatic objectives from different sides of the Atlantic.

Their efforts, however, were ultimately in vain. The United Nations General Assembly approved an American-sponsored resolution in early February 1951 that branded China an aggressor. This action, which effectively excluded China from the international organization for two decades, would tax the ingenuity of successive generations of Canadian policy-makers as they searched for evermore subtle ways to break down China's isolation (Document 949). Although Canada supported the United States' resolution, it did so only reluctantly. "Emotionalism has become the basis of [American] policy,"[2] complained Pearson, who turned to Hume Wrong, his friend and Canada's long-serving Ambassador to Washington, for assurance about American foreign policy (Document 81). Unsatisfied with Wrong's

[1] Cited in Greg Donaghy (ed.), *Documents on Canadian External Relations*, Vol. 16 (Ottawa: 1996), p. 1160.

[2] Cited in John English, *The Worldly Years: The Life of Lester Pearson, Volume II: 1942-1972* (Toronto: 1992), p. 56.

contrecœur. «L'émotivité est devenue le fondement de la politique [américaine]»[2], s'est plaint Pearson, qui se tourna vers Hume Wrong, ami et ambassadeur canadien de longue date à Washington, pour faire le point sur la politique étrangère américaine (document 81). Insatisfait de la réponse judicieuse de Wrong (document 85), Pearson demanda au ministère des Affaires extérieures d'examiner l'ensemble des relations du Canada avec les États-Unis. Bien que cette étude n'ait jamais été menée à terme et que les documents de référence soient trop longs et nombreux pour être publiés ici, elle a néanmoins débouché sur une conclusion digne de mention. Dans un discours maintes fois cité, prononcé devant une réunion mixte des clubs Empire et Canadian à Toronto le 10 avril, Pearson a reconnu que «le temps des relations politiques relativement faciles et automatiques avec notre voisin est, à mon avis, révolu»[3].

Cette remarque valait particulièrement dans le cas des relations de défense entre les deux pays. Bien que les liens se soient resserrés et élargis en 1951, la gestion de ces relations est devenue de plus en plus difficile. L'espace aérien canadien a été graduellement intégré au cours de l'année dans un programme officieux mais très réel de défense conjointe de l'Amérique du Nord. Au début de janvier, le Cabinet a approuvé des plans pour étendre radicalement le réseau de radar qui allait fonder la défense de l'Amérique du Nord (documents 651 à 675). Par la suite, les deux pays ont convenu de permettre aux vols d'interception de faire fi des frontières nationales lors de la poursuite d'aéronefs intrus (documents 753) et de renforcer automatiquement leur aviation mutuelle en cas d'hostilités (documents 754). Le ministère des Affaires extérieures et le Comité des chefs d'état-major ont commencé peu à peu à évaluer les implications de la nomination d'un officier canadien pour aider le commandant américain chargé de la défense des régions orientales de l'Amérique du Nord, là où la démarche d'intégration était la plus avancée (documents 747 à 751). Ces questions complexes de commandement et de contrôle ont ouvert une nouvelle ère dans les relations de défense bilatérale, qui a atteint son point culminant lors de la création du Commandement de la défense aérospatiale de l'Amérique du Nord, en 1957.

Les États-Unis voulaient cependant davantage que la simple coopération du Canada dans la défense de l'Amérique du Nord; ils cherchaient aussi à garantir leur accès aux bases et aux installations dans le Nord du Canada. L'accroissement de la présence militaire américaine au Canada était une question qui avait inquiété périodiquement les gouvernements libéraux depuis le milieu de la Seconde Guerre mondiale. En 1951, les Américains avaient demandé un bail à long terme à Torbay (Terre-Neuve), ce qui avait eu pour effet de placer la question devant le Cabinet. J.W. Pickersgill, adjoint spécial du premier ministre, et Brooke Claxton, ministre de la Défense nationale et personnage de plus en plus influent sur la scène de la politique étrangère à Ottawa, avaient insisté pour que le Canada ne concède plus de baux à long terme aux États-Unis (documents 714 à 746). On ne savait toujours pas

[2] Cité dans John English, *The Worldly Years: The Life of Lester Pearson, Volume II: 1942-1972*, Toronto, 1992, p. 56.

[3] Lester B. Pearson «Canadian Foreign Policy in a Two-Power World», *Statements and Speeches*, 51/14.

report (Document 85), Pearson asked the Department of External Affairs to examine in general Canada's relations with the United States. Although this study was never completed, and its background papers proved too long and numerous for publication here, it led to a noteworthy conclusion. In an oft-cited speech delivered to a joint meeting of the Empire and Canadian Clubs in Toronto on 10 April 1951, Pearson acknowledged that "the days of relatively easy and automatic political relations with our neighbour are, I think, over."[3]

This was particularly true of defence relations between the two countries. Even as these ties grew closer and more extensive during 1951, managing them became increasingly difficult. Canadian airspace was gradually incorporated during the year into an informal, but very real, program for the joint defence of North America. In early January, Cabinet approved plans to extend dramatically the radar system on which the defence of North America was eventually erected (Documents 651 to 675). Subsequently, the two countries agreed to allow interceptor flights to disregard national borders when pursuing airborne intruders (Document 753) and to reinforce automatically each other's air force in the event of hostilities (Document 754). The Department of External Affairs and the Chiefs of Staff Committee began slowly to wrestle with the implications of appointing a Canadian officer to assist the American commander responsible for defending the eastern portions of North America, where the process of integration was most advanced (Documents 747 to 751). These complicated issues of command and control ushered in a new era in bilateral defence relations, culminating in the establishment of the North American Air Defence Command in 1957.

The United States, however, wanted more than just Canada's cooperation in the defence of North America; it also wanted secure access to bases and facilities in the Canadian north. The growing American military presence in Canada was an issue that had worried Liberal governments intermittently since the middle of the Second World War. In 1951, an American request for a long-term lease at Torbay, Newfoundland again placed the question before Cabinet. J.W. Pickersgill, the Prime Minister's special assistant, and Brooke Claxton, the Minister of National Defence and an increasingly important influence on foreign policy, insisted that Canada no longer grant long-term leases to the United States (documents 714 to 746). It remained unclear at the end of the year how the two countries would deal with the continuing American requirement for bases in Canada.

Finding ways to exert Canada's sovereign rights in other contexts was even more difficult. The American request for a "canopy agreement" that would allow the United States to import and store nuclear weapons at Goose Bay continued to raise disturbing questions about Canada's role and responsibilities in American nuclear strategy and involved the two countries in a series of lengthy discussions (Documents 682 to 713). For a while, they experimented with an ad hoc arrangement under which the United States kept Canada abreast of those international developments that might eventually prompt it to employ nuclear weapons. In exchange, the Canadian government promised to meet any American request for

[3] Lester B. Pearson "Canadian Foreign Policy in a Two-Power World," *Statements and Speeches* 51/14.

à la fin de l'année comment les deux pays allaient aborder la question des bases que les Américains continuaient d'exiger au Canada.

Or, il était encore plus difficile de trouver des moyens d'exercer les droits souverains du Canada dans d'autres contextes. Les Américains continuaient de demander un «accord parapluie» qui permettrait aux États-Unis d'importer et d'entreposer des armes nucléaires à Goose Bay. Cette demande a eu pour effet de soulever des questions troublantes au sujet du rôle et des responsabilités du Canada dans le cadre de la stratégie nucléaire américaine et d'engager les deux pays dans une série de longues discussions (documents 682 à 713). Pendant quelque temps, les deux pays ont tenté de s'en remettre à une entente spéciale en vertu de laquelle les États-Unis tenaient le Canada au courant des événements internationaux qui pourraient les inciter à avoir recours aux armes nucléaires. En échange, le gouvernement canadien promettait de répondre sans tarder aux demandes d'installations formulées par les Américains (documents 697 et 699). Cet arrangement s'est rapidement révélé insatisfaisant; il ne répondait ni aux besoins de libre accès des Américains à leurs bases au Canada ni au désir d'Ottawa d'être consulté au sujet d'une utilisation de son territoire si lourde de conséquences. À la fin de l'année, les deux pays continuaient (et ils allaient le faire jusqu'au milieu des années 1960) à se débattre avec ce dilemme.

L'importance des questions de défense dans la politique étrangère du Canada en 1951 explique l'attention qu'accorde ce volume aux activités du Canada au sein de l'Alliance de l'Atlantique Nord. Tout au long de l'année, le processus de réorganisation amorcé en 1950 s'est accéléré. La décision de l'OTAN, à la fin de 1950, de poster une force intégrée en Europe a créé une foule de problèmes juridiques et organisationnels pour l'alliance (documents 414 à 453), dont la question éternelle de la répartition des frais n'était pas le moindre (documents 436 à 440). Dans le même ordre d'idées, ce volume aborde les problèmes de procédure auxquels a eu à faire face le Conseil de l'Atlantique Nord réorganisé (document 435) pour déterminer avec précision ce que signifiait la consultation entre les alliés (documents 429 à 434). En plus de suivre la réaction du Canada aux inquiétudes de ce type soulevées au sein de l'alliance, le volume documente également les considérations politiques, financières et juridiques qu'ont soulevées la décision prise par le Canada d'envoyer la 27e brigade d'infanterie en Allemagne (documents 393 à 428).

Qui plus est, le chapitre sur les affaires de l'Atlantique Nord traite de l'évolution de la politique de défense et d'aide mutuelle du Canada lorsque le Conseil de l'Atlantique Nord a prié ses membres de déployer plus d'efforts pour combler le fossé entre les ressources de l'alliance et ses obligations militaires (documents 352 à 392). Il n'est pas surprenant que l'intense campagne de réarmement ait incité certains États membres à remettre en question les buts et le sens de l'alliance. Les États-Unis ont proposé que le Conseil de l'Atlantique Nord examine les moyens que pourraient prendre les alliés pour en arriver au type de coopération non militaire envisagé dans le deuxième article du traité. L'initiative américaine a offert l'occasion aux fonctionnaires canadiens de débattre le bien-fondé d'une coopération nord-atlantique plus étroite dans un échange de lettres et de notes qui exprimaient, dans l'ensemble, un certain scepticisme quant à la valeur de l'article II (documents 477 à 484). Leurs soupçons n'étaient pas sans fondement. Au moment où

facilities with alacrity (Documents 697 and 699). This arrangement quickly proved unsatisfactory; it met neither Washington's need for unfettered access to its bases in Canada nor Ottawa's wish to be consulted about such consequential use of its territory. As the year ended, the two countries continued — and they would do so until the mid-1960s — to wrestle with this dilemma.

The importance of defence questions in Canadian foreign policy in 1951 accounts for the attention this volume accords Canada's activities in the North Atlantic alliance. Throughout the year, the process of reorganization that was started in 1950 gathered speed. NATO's decision in late 1950 to station an integrated force in Europe created a host of legal and organizational problems for the alliance (Documents 414 to 453), not least among them the perennial question of who paid for what (documents 436 to 440). In the same vein, this volume devotes some space to the procedural problems that the re-organized North Atlantic Council (Document 435) addressed as it tried to determine exactly what inter-allied consultation meant (Documents 429 to 434). In addition to tracing Canada's response to these kinds of alliance-wide concerns, the volume also documents the political, financial and legal considerations that arose from Canada's decision to despatch the 27th Infantry Brigade Group to Germany (Documents 393 to 428).

More important, the chapter on North Atlantic affairs examines the evolution of Canadian defence and mutual aid policy as the North Atlantic Council urged its members to step up their efforts to close the gap between the alliance's resources and its military requirements (Documents 352 to 392). Not surprisingly, the arduous rearmament campaign prompted some member states to revisit the purposes and meaning of the alliance. The United States suggested that the North Atlantic Council investigate how the allies could achieve the kind of non-military cooperation envisaged in the treaty's second article. The American initiative provided an opportunity for Canadian officials to debate the merits of closer North Atlantic cooperation in an exchange of letters and memoranda which were, for the most part, sceptical of Article II's value (Documents 477 to 484). Their suspicions were not misplaced. At the same time as the council asked Pearson to chair a committee to study closer inter-allied economic and political cooperation (Documents 476 and 485 to 491), it established a new mechanism to coordinate alliance activities. Composed of Britain, France and the United States, the new Temporary Council Committee acted as a kind of 'star chamber' which assessed each member's contribution to the alliance (Documents 492 to 504). This experiment in co-ordinating economic and military resources was hardly popular in Ottawa.

Cold War considerations influenced almost every aspect of Canadian external relations in 1951. For instance, despite the fiscal restraint program imposed as a result of the war in Korea, new posts were opened in Portugal — to consolidate relations with a NATO ally (Documents 12 to 14) — and in Finland — to strengthen the Baltic republic's fragile independence vis-à-vis the Soviet Union (Documents 7 to 11). Similarly, a peace treaty with Japan was concluded (Documents 950 to 968), and the postwar settlement with Italy revised (Documents 897 to 902), in a manner designed to please these new Cold War allies. Old friendships assumed new significance in the tense bipolar context, as the documents on the sale of Canadian wheat to Norway attest (Documents 903 to 908).

le conseil demandait à Pearson de présider un comité pour étudier le resserrement de la coopération économique et politique entre les alliés (documents 476 et 485 à 491), il mettait en place un nouveau mécanisme pour coordonner les activités de l'alliance. Composé de la Grande-Bretagne, de la France et des États-Unis, le nouveau Comité du conseil temporaire agissait un peu à la façon d'une «chambre étoilée» pour évaluer la contribution de chaque membre à l'alliance (documents 494 à 504). Cette expérience de coordination des ressources économiques et militaires était loin d'être populaire à Ottawa.

En 1951, l'ombre de la guerre froide planait sur presque chaque dimension des relations extérieures du Canada. Par exemple, malgré le programme de restriction financière imposé dans la foulée de la guerre de Corée, de nouvelles missions ont été ouvertes au Portugal — pour consolider les relations avec un allié de l'OTAN (documents 12 à 14) — et en Finlande — pour renforcer la fragile indépendance de cette république balte face à l'Union soviétique (documents 7 à 11). Dans le même ordre d'idées, un traité de paix a été conclu avec le Japon (documents 950 à 968) et le règlement d'après-guerre avec l'Italie a été révisé (documents 897 à 902) de façon à donner satisfaction à ces nouveaux alliés de la guerre froide. Les anciennes amitiés ont acquis un nouveau sens dans ce contexte bipolaire tendu, comme l'attestent les documents sur la vente de blé canadien à la Norvège (documents 903 à 908).

La lutte entre le Bloc soviétique et les États-Unis et leurs alliés a également influé sur la situation économique internationale. Les problèmes suscités par l'expansion du marché mondial de l'or, par exemple, ont affecté les relations du Canada avec le Fonds monétaire international (documents 294 à 296). D'une manière plus significative, Ottawa a été mêlé de près au travail de la nouvelle Conférence internationale sur les produits de base, qui cherchait à répartir de façon équitable des matières premières rares entre les pays occidentaux et non alignés (documents 298 à 337). En plus de veiller à ce que les alliés jouissent de suffisamment de ressources pour se réarmer, le Canada a continué de limiter le commerce avec le Bloc soviétique (documents 864 et 865) et la Chine (documents 946 à 948). Naturellement, les thèmes de la guerre froide dominent le chapitre qui porte directement sur l'Union soviétique et l'Europe de l'Est (chapitre 9). Ce volume documente particulièrement le souci du gouvernement d'anticiper la politique étrangère de Moscou (documents 924 à 926) et se penche sur les tentatives soutenues du Canada de livrer une guerre psychologique en Europe de l'Est (documents 938 et 939).

La fin de l'année a amené une légère baisse des tensions est-ouest. Au début de juillet, une initiative soviétique a encouragé les États-Unis et la Chine à amorcer le difficile processus de négociation d'un cessez-le-feu en Corée. Le Canada n'a pas été partie prenante à toutes les dimensions des négociations et ce volume ne tente pas de rendre compte de l'ensemble de ces discussions. Il met plutôt l'accent sur les événements d'un intérêt particulier pour le Canada. Par conséquent, une bonne part des documents sur cette question font état des efforts de Pearson en vue de modérer le langage que Washington souhaitait utiliser pour avertir Pékin des conséquences de toute violation d'une trêve (documents 155 à 179). Lors de la 6e assemblée générale des Nations unies, la réduction des tensions internationales s'est traduite dans la décision de l'assemblée de réunir la Commission de l'énergie atomique de

International economic conditions were also shaped by the struggle between the Soviet Bloc and the United States and its allies. The problems created by the expanding global market for gold, for example, affected Canada's relations with the International Monetary Fund (Documents 294 to 296). More significantly, Ottawa found itself deeply embroiled in the work of the new International Commodity Conference, which sought to distribute scarce raw materials among the western and non-aligned countries in an equitable fashion (Documents 298 to 337). In addition to helping ensure that its allies had sufficient resources to rearm, Canada continued to restrict trade with the Soviet Bloc (Documents 864 and 865) and China (Documents 946 to 948). Naturally, Cold War themes dominate the chapter which deals directly with the Soviet Union and Eastern Europe (Chapter 9). In particular, this volume documents the government's preoccupation with anticipating Moscow's foreign policy (Documents 924 to 926) and explores Ottawa's continuing efforts to wage psychological warfare in Eastern Europe (Documents 938 and 939).

The end of the year brought about a slight relaxation of East-West tensions. In early July, a Soviet initiative encouraged the United States and China to begin the difficult process of negotiating a cease-fire in Korea. Canada was not closely involved in every aspect of the negotiations and this volume does not try to account for the entire course of these discussions. Instead, it focuses on those developments that were of particular interest to Canada. Consequently, much of the material on this subject documents Pearson's efforts to moderate the language Washington wished to use to warn Peking of the consequences of breaching a truce (Documents 155 to 179). At the United Nations' Sixth General Assembly the reduction in international tension was evident in the Assembly's decision to combine the U.N. Atomic Energy Commission with the Commission for Conventional Armaments into a single agency (Documents 206 to 216). The new Disarmament Commission was expected to re-start stalled disarmament negotiations in 1952.

The attention accorded Cold War divisions and the money spent on rearmament left a growing number of states unimpressed. In 1951 signs of a "serious rift" appeared in the West's relations with the less developed world.[4] Like the Cold War, with which it would become inextricably linked, the division between rich and poor was destined to become a permanent feature of international relations in the second half of the twentieth century. As indigenous nationalism and pressure for decolonization grew apace in Asia and Africa, Canada was forced to navigate between its traditional allies and its newer Asian and African friends. This conflict is documented in Ottawa's response to Britain's confrontation with Egypt (Documents 909 to 915) and in its moderate approach to South Africa's dispute with India and its non-aligned friends over the status of South-West Africa (Documents 217 to 230).

The emerging division between rich and poor is also apparent in the documentation reproduced in this volume on the debate surrounding the proposal that the United Nations establish a special fund to aid the less developed countries (Document 232 to 240). Canadian officials, overwhelmed by demands for assistance from

[4] Canada, Department of External Affairs, *Canada and the United Nations, 1951-52* (Ottawa: Queen's Printer, 1952), p. vi.

l'ONU ainsi que la Commission des armements de type classique en un seul organisme (documents 206 à 216). On s'attendait à ce que la nouvelle Commission du désarmement relance en 1952 les négociations sur le désarmement, qui avaient été interrompues.

L'attention accordée aux divisions suscitées par la guerre froide et l'argent consacré au réarmement laissaient de plus en plus d'États sceptiques. En 1951, on a constaté l'apparition d'un «profond désaccord» dans les relations entre l'Occident et le monde en développement[4]. À l'instar de la guerre froide, à laquelle il allait être inextricablement lié, le fossé entre les riches et les pauvres allait devenir une caractéristique permanente des relations internationales au cours de la deuxième moitié du XXe siècle. Étant donné la rapide croissance du nationalisme autochtone et des pressions en faveur de la décolonisation en Asie et en Afrique, le Canada a dû manœuvrer entre ses alliés traditionnels et ses nouveaux amis asiatiques et africains. Ce conflit est documenté dans la réaction d'Ottawa à la confrontation entre la Grande-Bretagne et l'Égypte (documents 909 à 915), et dans son approche modérée à l'égard du différend entre l'Afrique du Sud et l'Inde et ses amis non alignés portant sur le statut de la Namibie (documents 217 à 230).

La division croissante entre les riches et les pauvres ressort également de la documentation reproduite dans ce volume et portant sur le débat entourant la proposition à l'effet que les Nations unies constituent un fonds spécial pour aider les pays en développement (documents 232 à 240). Les fonctionnaires canadiens, submergés par les demandes d'aide des bénéficiaires du plan Colombo (documents 543 à 586) et d'une variété d'organismes des Nations unies (chapitre 4), se sont empressés de définir une politique cohérente d'aide à l'étranger (documents 273 et 274). Ils en avaient surtout contre ce qu'ils considéraient comme une critique «irresponsable» adressée au Canada et à ses alliés occidentaux par les représentants du monde en développement (documents 241 à 243).

Les relations personnelles, politiques et bureaucratiques qui avaient façonné la politique canadienne en 1950 demeuraient essentiellement les mêmes. Au sommet, le premier ministre Saint-Laurent continuait d'effectuer un travail en douceur avec Pearson, son secrétaire d'État aux Affaires extérieures de plus en plus habile et confiant. Arnold Heeney continuait d'agir comme sous-secrétaire d'État aux Affaires extérieures. Charles Ritchie, H.O. Moran et Léon Mayrand étaient les trois sous-secrétaires adjoints du ministère.

Les mêmes titulaires dirigeaient toujours les missions les plus importantes du Canada : Hume Wrong était encore à Washington, Dana Wilgress à Londres et Georges Vanier à Paris. Il n'y a eu qu'un changement d'importance au sein des représentants du Canada à l'étranger. R.G. Riddell, qui avait été nommé représentant permanent aux Nations unies en août 1950, est décédé subitement en mars 1951 et a été remplacé par John Holmes à titre intérimaire. David M. Johnson est rentré du Pakistan pour occuper ce poste de façon permanente en novembre 1951.

[4] Canada, Ministère des Affaires extérieures, *Le Canada et les Nations Unies, 1951-52* (Ottawa, Imprimeur de la Reine 1952), pp. vi-vii.

Colombo Plan recipients (Documents 543 to 586) and from a variety of United Nations' agencies (Chapter 4), scrambled to define a coherent foreign aid policy (Documents 273 and 274). Most deeply resented what they considered to be "irresponsible" criticism levelled at Canada and its Western allies by representatives of the developing world (Documents 241 to 243).

The personal, political and bureaucratic relationships that had shaped Canadian policy in 1950 remained largely unaltered. At the top, the Prime Minister, St. Laurent, continued to work smoothly with his increasingly sure-footed and self-confident Secretary of State for External Affairs, Pearson. Arnold Heeney continued to serve as the Under-Secretary of State for External Affairs. Charles Ritchie, H.O. Moran and Léon Mayrand served as the department's three assistant under-secretaries.

There were no changes in leadership at Canada's most important posts: Hume Wrong remained in Washington, Dana Wilgress in London, and Georges Vanier in Paris. There was only one significant change among Canada's representatives abroad. R.G. Riddell, who became the Permanent Representative to the United Nations in August 1950, died suddenly in March 1951 and was replaced by John Holmes in an acting capacity. David M. Johnson returned from Pakistan to take over the post on a permanent basis in November 1951.

This survey of Canadian foreign policy is drawn primarily from the records of the Department of External Affairs and the Privy Council Office. 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 the Departments of Defence, Trade and Commerce, Fisheries and Finance. In preparing this volume, I was given complete access to the records 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.

The selection of documents has been guided by the principles set out in the Introduction to Volume 7 (pp. ix-xi) of this series. The editorial devices used in this volume are 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 work on this volume had already begun when I became its editor in the fall of 1992. I am grateful for the early start made on this project by Gaston Blanchet. The staff at the National Archives of Canada was instrumental in bringing this project to completion. Paulette Dozois, Paul Marsden and Dave Smith of the Military and International Affairs Records Unit of the Government Archives Division responded promptly, helpfully and, most important, cheerfully to my many inquiries. Michael Way, from the Access to Information Section, and Janet Murray and Michel Poitras at the circulation desk, worked hard at keeping a steady supply of raw material flowing across my desk.

Christopher Cook and Brian Hearnden served ably as research assistants throughout the enterprise. My colleague Ted Kelly, who helped edit the chapters on the conduct of diplomacy and relations with the Soviet bloc, provided indispensable assistance at all stages of the project. Angie Sauer helped with the selection of

Ce survol de la politique étrangère du Canada s'appuie avant tout sur les dossiers du ministère des Affaires extérieures et du Bureau du Conseil privé. Au besoin, nous avons aussi consulté les documents personnels de nombreux ministres du Cabinet et hauts fonctionnaires qui ont participé à ces événements ainsi que les dossiers des ministères de la Défense, du Commerce, des Pêches et des Finances. Pour préparer ce volume, j'ai joui d'un accès complet aux dossiers du ministère des Affaires extérieures et d'un accès généreux à d'autres collections. On trouvera à la page xxvii une liste complète des sources consultées pour préparer ce volume.

Le choix des documents a été régi par les principes énoncés dans l'introduction du volume 7 (pp. ix-xi) de cette série. Les outils rédactionnels utilisés dans ce volume sont les mêmes que ceux décrits dans l'introduction du volume 9 (p. xix). La croix (†) indique un document inédit et les points de suspension (...) un passage supprimé.

Les travaux portant sur ce volume avaient déjà débuté lorsqu'on m'a chargé de sa rédaction à l'automne 1992. Je remercie Gaston Blanchet d'avoir si bien lancé le projet. Le personnel des Archives nationales du Canada nous a aidés à le mener à terme. Paulette Dozois, Paul Marsden et Dave Smith des sections des Archives militaires et des Affaires internationales de la Division des archives gouvernementales ont répondu avec empressement et, surtout, avec entrain à mes nombreuses demandes. Michael Way, de la section de l'Information, et Janet Murray et Michel Poitras, du bureau du prêt, ont tout mis en œuvre pour m'alimenter en documents.

Christopher Cook et Brian Hearnden m'ont fait profiter de leurs compétences à titre d'adjoints à la recherche tout au long du projet. Mon collègue Ted Kelly, qui a participé à la révision des chapitres sur la diplomatie et les relations avec le Bloc soviétique, m'a fourni une aide indispensable à toutes les étapes du projet. Angie Sauer m'a aidé à choisir les documents sur l'Allemagne, tandis que Robert Bothwell a partagé avec moi ses connaissances de l'énergie atomique. Norman Hillmer, Hector Mackenzie et Don Barry, anciens directeurs de rédaction, ont toujours consenti à m'aider et leurs conseils se sont toujours avérés pertinents et pratiques. Le rédacteur en chef de cette série, John Hilliker, a relu le manuscrit aussi attentivement qu'à l'habitude. Ses commentaires ont sans doute amélioré le texte. La publication de cette série n'aurait pas été possible sans l'appui que j'ai reçu des deux directeurs de la Direction des communications ministérielles sous lesquels elle a pris son envol — Mary Jane Starr et Alan Darisse. Je demeure le seul responsable du choix final des documents présentés dans ce volume.

La section historique poursuit sa nouvelle pratique de fournir le texte supplémentaire et de coordonner la préparation technique du volume. Le manuscrit a été dactylographié et mis en page par Aline Gélineau. Gabrielle Nishiguchi a trouvé la plupart des photographies présentées dans ce volume. Gayle Fraser, de l'Institut canadien des affaires internationales, a gentiment fourni la photo de John Holmes et Trygve Lie. Boris Stipernitz a compilé l'index et repéré une foule d'erreurs typographiques. Le service de traduction du Ministère a traduit en français les notes en bas de page, les légendes et le texte auxiliaire. Notre collègue de la Direction des communications ministérielles, Francine Fournier, nous a généreusement aidé à peaufiner le texte français. Alan Bowker et Saul Grey, de la Direction générale de

documents on Germany, and Robert Bothwell willingly contributed his knowledge on atomic energy. Former editors Norman Hillmer, Hector Mackenzie and Don Barry were always ready to help and invariably offered sound and practical advice. The general editor of this series, John Hilliker, reviewed the entire manuscript with his usual attention to detail. His comments undoubtedly have made this a better book. The series would not be possible without the support I received from the two directors of the Corporate Communications Division under whom it prospered - Mary Jane Starr and Alan Darisse. I remain solely responsible for the final selection of documents in this volume.

The Historical Section continues its new practice of furnishing the supplementary text and co-ordinating 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. Gayle Fraser of the Canadian Institute of International Affairs helpfully supplied the picture of John Holmes and Trygve Lie. Boris Stipernitz compiled the index and skilfully caught a number of typographical errors. The department's translation bureau rendered into French the footnotes, captions and ancillary text. Our colleagues in the Corporate Communications Division, Francine Fournier and Nancy Sample, graciously provided us with editorial advice. Alan Bowker and Saul Grey of the department's Access to Information Office helped secure the release of material on the United States Strategic Air Command from the United States Department of State. Marlène Picard declassified the documents on Herbert Norman. Gail Kirkpatrick Devlin, who proofread the entire manuscript and composed the list of persons generously shared the insights garnered from her work on several earlier volumes. Mary and Katherine Donaghy put up with the domestic distractions caused by my editorial work with cheerful goodwill.

GREG DONAGHY

l'accès à l'information du ministère, nous ont aidés à obtenir le matériel sur le United States Strategic Air Command du Département d'État des États-Unis. Marlène Picard a déclassifié les documents sur Herbert Norman. Gail Kirkpatrick Devlin, qui a lu les épreuves de l'ensemble du manuscrit et composé la liste des personnes, nous a généreusement fait profiter de l'expérience acquise à l'occasion de l'édition de plusieurs volumes antérieurs. Mary et Katherine Donaghy ont accepté de bon cœur les distractions causées au sein du foyer par mon travail de rédaction.

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)
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)	C.E.W.	Canadian Embassy, Washington, Files, National Archives (RG 25 B3)
Dossiers du ministère des Affaires extérieures, Archives nationales (RG 25)	DEA	Department of External Affairs Files, National Archives (RG 25)
Ministère des Affaires étrangères et du commerce international	DFAIT	Department of Foreign Affairs and International Trade
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 ABRÉVIATIONS
LIST OF ABBREVIATIONS

AA	Anti-Aircraft
AVM	Air Vice Marshal
AAA	Agricultural Adjustment Act (USA)
ACW	Aircraft Control and Warning System
AMC	Additional Measures Committee (UN)
BAOR	British Army of the Rhine
BCOF	British Commonwealth Occupation Force
BOAC	British Overseas Airways Corporation
BLEU	Belgium-Luxembourg Economic Union
CARE	Cooperative for American Remittances to Europe
CAS	Chief of Air Staff
CBCIS	Canadian Broadcasting Corporation—International Service
CCC	Canadian Commercial Corporation
CDA	Combined Development Agency (USA)
CGS	Chief of General Staff
CIGS	Chief of the Imperial General Staff (UK)
CINCLANDCENT	Commander-in-Chief Land Forces Central Europe (NATO)
CJS	Canadian Joint Staff
CMC	Collective Measures Committee (UN)
CNR	Canadian National Railways
CNS	Canadian National Steamships
COCOM	Coordinating Committee on Export Controls
CP	Contracting Party
CPDUN	Canadian Permanent Delegation to United Nations
CPC	Combined Policy Committee (Canada-UK-USA)
CRO	Commonwealth Relations Office (UK)
CSC	Chiefs of Staff Commitee
CUSRPG	Canada-United States Regional Planning Group (NATO)
DCER/DREC	Documents on Canadian External Relations/Documents Relatifs aux Relations Extérieures du Canada
DOSCO	Dominion Steel and Coal Corporation
DPA	Defence Production Administration (USA)
DRP	Defence Research Board
ECA	Economic Cooperation Administration (USA)
ECOSOC	Economic and Social Commission (UN)
EDC	European Defence Community
EPU	European Payments Union
EUCOM	European Command (NATO)
FAC	Foreign Assets Control Division (USA)
FAO	Food and Agriculture Organization
FEB	Financial and Economic Board (NATO)
FECB	Foreign Exchange Control Board
FRUS	Foreign Relations of the United States
FSO	Foreign Service Officer
GATT	General Agreement on Tariffs and Trade
GFP	Government Furnished Part
GNP	Gross National Product
GOC	Good Offices Committee (UN)
HMCS	His Majesty's Canadian Ship
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICETP	Interdepartmental Committee on External Trade Policy
IJC	International Joint Commission
ILO	International Labour Office
IMC	International Material Conference

IMF	International Monetary Fund
IRO	International Refugee Organization
ITO	International Trade Organization
IWA	International Wheat Agreement
JAMAG	Joint American Military Advisory Group (USA)
JPC	Joint Planning Committee
JPS	Joint Planning Staff
KLM	Royal Dutch Airlines
LCB	Liquor Control Board
MATS	Military Air Transport Service (USA)
MDAP	Mutual Defense Assistance Program (USA)
MFN	Most Favoured Nation
MP	Member of Parliament
MPSB	Military Production and Supply Board (NATO)
MRC	Military Representatives Committee (NATO)
NAFEL	Newfoundland Associated Fish Exporters Limited
NAAFI	Navy, Army, Air Force Institute
NAORPG	North Atlantic Ocean Regional Planning Group
NATIS	North Atlantic Treaty Information Service
NATO	North Atlantic Treaty Organization
NBC	National Broadcasting Company (USA)
NCO	Non-Commissioned Officer
NEAC	Northeast Air Command (USA)
OAS	Organization of American States
OEEC	Organization for European Economic Cooperation
OMA	Office of Military Assistance, Office of the Assistant Secretary of Defense (USA)
OPS	Office of Price Stabilization (USA)
PICMME	Provisional Intergovernmental Committee for Movement of Migrants in Europe
PJBD	Permanent Joint Board on Defence
POL	Petroleum, Oil, Lubricants
PRC	People's Republic of China
PX	Post Exchange (USA)
QR	Quantitative Restriction
RAF	Royal Air Force
RCAF	Royal Canadian Air Force
RCMP	Royal Canadian Mounted Police
RCN	Royal Canadian Navy
RFC	Reconstruction Finance Corporation (USA)
RMC	Royal Military College
ROK	Republic of Korea
RTAA	Reciprocal Trade Agreements Act (USA)
SAC	Strategic Air Command (USA)
SACEUR	Supreme Allied Commander, Europe (NATO)
SACLANT	Supreme Allied Commander, Atlantic (NATO)
SCS	Screening and Costing Staff (NATO)
SEC	Securities and Exchange Commission (USA)
SHAPE	Supreme Headquarters, Allied Powers, Europe (NATO)
TCA	Trans-Canada Airlines
TCC	Temporary Council Committee (NATO)
UNCURK	United Nations Commission for Unification and Rehabilitation of Korea
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
UNKRA	United Nations Korean Reconstruction Agency

UNRAA	United Nations Relief and Rehabilitation Administration
UNRWAPR	United Nations Relief and Works Agency for Palestine Refugees
UNTAA	United Nations Technical Assistance Administration
USAEC	United States Atomic Energy Commission
USN	United States Navy
VCIGS	Vice-Chief of the Imperial General Staff (UK)

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

ABBOTT, Douglas C. ministre des Finances.

ACHESON, Dean G., secrétaire d'État des États-Unis.

ACHILLES, Theodore C., délégué adjoint des États-Unis auprès du Conseil de l'Atlantique Nord.

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

ALI, Mohammed, haut-commissaire du Pakistan.

ALLARD, Hector, chef de mission au Canada de l'Organisation internationale pour les réfugiés.

ALLEN, Stanley V., adjoint spécial au sous-ministre du Commerce (-mars); adjoint spécial du coordonnateur des matières premières, ministère de la Production pour la défense (-juin); secrétaire commercial, ambassade aux États-Unis (juil.-), et représentant du Canada au Comité sur les produits de la Conférence internationale sur les matériaux et membre suppléant du groupe central de cette conférence.

ALLISON, John M., sous-secrétaire d'État par intérim aux Affaires de l'Extrême-Orient, département d'État des États-Unis.

ALPHAND, Hervé, délégué de France auprès du Conseil de l'Atlantique Nord.

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

ASSELIN, Pierre, secrétaire privé au premier ministre.

ATTLEE, Clement R., premier ministre du Royaume-Uni (-oct.).

AUSTIN, sénateur Warren R., représentant permanent des États-Unis auprès des Nations Unies.

BAJPAI, sir Girja S., secrétaire général, ministère des Affaires extérieures et des Relations avec le Commonwealth de l'Inde.

ABBOTT, Douglas C., Minister of Finance.

ACHESON, Dean G., Secretary of State of United States.

ACHILLES, Theodore C., Vice-Deputy of United States to North Atlantic Council.

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

ALI, Mohammed, High Commissioner of Pakistan.

ALLARD, Hector, Chief of Mission of International Organization for Refugees in Canada.

ALLEN, Stanley, V., Special Assistant to Deputy Minister of Trade and Commerce (-March); Special Assistant to Coordinator of Raw Materials, Department of Defence Production (-June); Commercial Secretary, Embassy in United States (July-), and Canadian Representative on Commodity Committee of International Materials Conference and Alternate Member of Central Group of IMC.

ALLISON, John M., Acting Assistant Secretary of State for Far Eastern Affairs, Department of State of United States.

ALPHAND, Hervé, Deputy of France to North Atlantic Council.

ARNESON, R. Gordon, Special Assistant to Secretary of State of United States on atomic energy questions.

ASSELIN, Pierre, Private Secretary to the Prime Minister.

ATTLEE, Clement R., Prime Minister of United Kingdom (-Oct.).

AUSTIN, Senator Warren R., Permanent Representative of United States to United Nations.

BAJPAI, Sir Girja S., Secretary-General, Ministry of External Affairs and Commonwealth Relations of India.

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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.

BALDWIN, J.A., président, Commission des transports aériens.

BANCROFT, Harding F., directeur, bureau des Affaires politiques et de la sécurité, département d'État des États-Unis.

BANERJEE, P.K., haut-commissaire suppléant de l'Inde.

BATEMAN, George, ingénieur des mines, membre de la Commission de contrôle de l'énergie atomique.

BATES, Stewart, sous-ministre des Pêcheries.

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

BENNET, W.F., président, Eldorado Mining and Refining (1944) Ltd.

BERIA, Lavrenty P., vice-président du Conseil des ministres de l'Union soviétique.

BERLIS, N.F.H., secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies.

BEVIN, Ernest, Foreign Secretary du Royaume-Uni (-mars).

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

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

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

BROADBRIDGE, A.F., Direction européenne.

BRYCE, R.B., sous-ministre adjoint des Finances et secrétaire du Conseil du Trésor.

BRYN, Dag, délégué de Norvège auprès du Conseil de l'Atlantique Nord.

BULL, W.F., sous-ministre du Commerce (mars-)

BUNCHE, Ralph J., directeur, Département de la tutelle des Nations Unies.

BURBRIDGE, K.J., chef, Direction juridique.

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

CAMPBELL, vice-maréchal de l'air, Hugh L., président, état-major du Canada aux États-Unis.

CAMPBELL, P.G.R., deuxième secrétaire, ambassade aux États-Unis.

CARTER, H.H., conseiller de la délégation permanente auprès des Nations Unies.

BALDWIN, J.A., Chairman, Air Transport Board.

BANCROFT, Harding F., Director of Political and Security Affairs, Department of State of United States.

BANERJEE, P.K., Deputy High Commissioner of India.

BATEMAN, George, mining engineer, member of Atomic Energy Control Board.

BATES, Stewart, Deputy Minister of Fisheries.

BEAUPRÉ, T.N., Executive Assistant to Deputy Minister of Trade and Commerce (-Mar); Executive Assistant to Deputy Minister of Defence Production (Mar.-).

BENNET, W.F., President, Eldorado Mining and Refining (1944) Ltd.

BERIA, Lavrenty P., Vice-Chairman of Council of Ministers of Soviet Union.

BERLIS, N.F.H., Secretary, Permanent Delegation to European Office of United Nations.

BEVIN, Ernest, Foreign Secretary of United Kingdom (-Mar.).

BLISS, Don C., Minister, Embassy of United States.

BONNET, Henri, Ambassador of France in United States.

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

BROADBRIDGE, A.F., European Division.

BRYCE, R.B., Assistant Deputy Minister of Finance and Secretary of Treasury Board.

BRYN, Dag, Deputy of Norway to North Atlantic Council.

BULL, W.F., Deputy Minister of Trade and Commerce (Mar.-).

BUNCHE, Ralph J., Director, Department of Trusteeship of United Nations.

BURBRIDGE, K.J., Head, Legal Division.

BUTLER, R.A., Chancellor of Exchequer of United Kingdom (Nov.-).

CAMPBELL, A/V/M Hugh L., Chairman, Canadian Joint Staff in United States.

CAMPBELL, P.G.R., Second Secretary, Embassy in United States.

CARTER, H.H., adviser, Permanent Delegation to United Nations.

CARTER, T.L., 2ème Direction de liaison avec la Défense.

CARWELL, Joseph, section des Affaires de l'Extrême-Orient, département d'État des États-Unis.

CASEY, Richard G., ministre des Affaires extérieures de l'Australie (avr.-).

CASSELLS, major-général A.J.M., commandant, première (Commonwealth) division en Corée.

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

CHANCE, Leslie G., chef, Direction des affaires consulaires.

CHAPDELAINE, J.A., conseiller, ambassade en République fédérale d'Allemagne.

CHAPUT, Roger, deuxième secrétaire, ambassade en Belgique.

CHASE, J., adjoint spécial suppléant du secrétaire d'État des États-Unis sur les questions atomiques.

CHEVRIER, Lionel, ministre des Transports.

VOIR Tchang Kai-chek.

CHIPMAN, Warwick F., haut-commissaire en Inde.

VOIR Tchou En-Lai.

CHURCHILL, Winston S., chef de l'Opposition du Royaume-Uni (-oct.); premier ministre et premier lord du Trésor du Royaume-Uni (nov.-).

CLARK, major-général S.F., président, état-major du Canada au Royaume-Uni (-août).

CLARK, W.C., sous-ministre des Finances.

CLAXTON, Brooke, ministre de la Défense nationale.

CLUTTERBUCK, sir Alexander, haut-commissaire du Royaume-Uni.

COLDWELL, M.J., député (Rosetown-Biggar) et chef du partie CCF.

COLLINS, général J.L., chef d'état-major de l'Armée des États-Unis.

COLLINS, R.E., Direction européenne.

CONNALLY, sénateur Thomas (démocrate—Texas), président du Comité des relations étrangères du Sénat.

CORDIER, Andrew W., adjoint exécutif du secrétaire général des Nations Unies.

CARTER, T.L., Defence Liaison (2) Division.

CARWELL, Joseph, Far Eastern Affairs Section, Department of State of United States.

CASEY, Richard G., Minister of External Affairs of Australia (Apr.-).

CASSELLS, Major-General A.J.M., Commander, First (Commonwealth) Division in Korea.

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

CHANCE, Leslie G., Head, Consular Division.

CHAPDELAINE, J.A., Counsellor, Embassy in Federal Republic of Germany.

CHAPUT, Roger, Second Secretary, Embassy in Belgium.

CHASE, J., Deputy Special Assistant to Secretary of State of United States on atomic energy questions.

CHEVRIER, Lionel, Minister of Transport.

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

CHIPMAN, Warwick F., High Commissioner in India.

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

CHURCHILL, Winston S., Leader of Opposition of United Kingdom (-Oct.); Prime Minister and First Lord of the Treasury (Nov.-).

CLARK, Major-General S.F., Chairman, Canadian Joint Staff in United Kingdom (-Aug.).

CLARK, W.C., Deputy Minister of Finance.

CLAXTON, Brooke, Minister of National Defence.

CLUTTERBUCK, Sir Alexander, High Commissioner of United Kingdom.

COLDWELL, M.J., M.P. (Rosetown-Biggar), Leader of CCF Party.

COLLINS, General J.L., Chief of Staff, United States Army.

COLLINS, R.E., European Division.

CONNALLY, Senator Thomas (Democrat—Texas), Chairman, Senate Foreign Relations Committee.

CORDIER, Andrew W., Executive Assistant to Secretary-General of United Nations.

CORLEY-SMITH, G.T., délégué du Royaume-Uni auprès des Nations Unies; conseiller aux Affaires économiques et sociales.

CÔTÉ, E.A., premier secrétaire, haut-commissariat au Royaume-Uni.

COUILLARD, J. Louis, représentant suppléant à la Organisation européenne de coopération économique.

COULSON, John E., représentant suppléant du Royaume-Uni auprès des Nations Unies.

COX, G.E., deuxième secrétaire, ambassade aux États-Unis (-oct.); Direction des Amériques et de l'Extrême-Orient.

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

CRÉPAULT, A.R., conseiller de la délégation permanente auprès des Nations Unies.

CRIBBETT, sir W.C.G., secrétaire suppléant, ministère de l'Aviation civile du Royaume-Uni.

CREAN, G.G., premier secrétaire, légation en Yougoslavie.

CUNHA, Paulo, ministre des Affaires étrangères du Portugal.

CURTIS, maréchal de l'air W.A., chef de l'état-major des forces aériennes.

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

DAVIS, John H., secrétaire adjoint de l'Agriculture des États-Unis.

DAY, A.A., secrétaire de la Commission royale des arts, des lettres et des sciences, 1949-1951.

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

DÉSY, Jean, ambassadeur en Italie.

DEUTSCH, John J., directeur, Direction des Relations économiques internationales, ministère des Finances.

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

DILWORTH, Ira, superviseur général, R.C.I.

DISALLE, M.V., directeur, Office de la stabilisation des prix des États-Unis.

DONGES, Dr. T.E., ministre de l'Intérieur d'Afrique du Sud; chef de la délégation d'Afrique du Sud à l'Assemblée générale des Nations Unies.

DORÉ, Victor, ministre en Suisse.

CORLEY-SMITH, G.T., Delegate of United Kingdom to United Nations; Counsellor for Economic and Social Affairs.

CÔTÉ, E.A., First Secretary, High Commission in United Kingdom.

COUILLARD, J. Louis, Deputy Representative to OEEC.

COULSON, John E., Deputy Representative of United Kingdom to United Nations.

COX, G.E., Second Secretary, Embassy in United States (-Oct.); American and Far Eastern Division.

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

CRÉPAULT, A.R., Adviser, Permanent Delegation to United Nations.

CRIBBETT, Sir W.C.G., Deputy Secretary, Ministry of Civil Aviation of United Kingdom.

CREAN, G.G., First Secretary, Legation in Yugoslavia.

CUNHA, Paulo, Minister of Foreign Affairs of Portugal.

CURTIS, Air Marshall W.A., Chief of Air Staff.

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

DAVIS, John H., Assistant Secretary of Agriculture of United States.

DAY, A.A., Secretary to the Royal Commission on Arts, Letters and Sciences, 1949-51.

DESHMUKH, Sir Chintaman, Minister of Finance of India.

DÉSY, Jean, Ambassador in Italy.

DEUTSCH, John J., Director, International Economic Relations Division, Department of Finance.

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

DILWORTH, Ira, General Supervisor, CBC-IS.

DISALLE, M.V., Director, Office of Price Stabilization of United States.

DONGES, Dr. T.E., Minister of Interior of South Africa; Chairman, Delegation of South Africa to General Assembly of United Nations.

DORÉ, Victor, Minister in Switzerland.

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

DUDLEY, A.A., chef, département des Affaires économiques et sociales des Nations Unies, Foreign Office du Royaume-Uni.

DULLES, John Foster, conseiller du Parti républicain en matière de politique étrangère auprès du président des États-Unis.

DUPLESSIS, Maurice, premier ministre du Québec.

EBAN, Abba, représentant permanent d'Israël auprès des Nations Unies.

EBERTS, C.C., secrétaire adjoint du Cabinet et secrétaire du Comité du Cabinet sur la défense.

EDEN, Anthony, Foreign Secretary du Royaume-Uni (nov.-).

EISENHOWER, général Dwight D., commandant suprême des Forces alliées en Europe.

ELLISTON, Herbert, correspondant diplomatique, *Washington Post.*

ENGLISH, J.H. conseiller commercial, ambassade aux États-Unis.

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

ERICHSEN-BROWN, J.P., Direction juridique.

FAWZI BEY, Mahmoud, représentant de l'Égypte à l'Assemblée générale des Nations Unies.

FLEURY, brigadier Frank J., commandant de la mission militaire canadienne au Japon.

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

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

FOULKES, Lt.-gén. Charles, chef de l'état-major général et président du Comité des chefs d'état-major.

FOWLER, R.M., directeur, Direction des pâtes et papiers, ministère de la Production pour la défense.

FRANKS, sir Oliver S., ambassadeur du Royaume-Uni aux États-Unis.

FROST, Leslie, premier ministre de l'Ontario.

GAITSKELL, Hugh, chancelier de l'Échiquier du Royaume-Uni (-oct.).

LE GALLAIS, Hugues, ministre du Luxembourg au Canada, ayant résidence aux États-Unis.

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

GARSON, S.S., ministre de la Justice.

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

DUDLEY, A.A., Head, United Nations (Economic and Social) Department, Foreign Office of United Kingdom.

DULLES, John Foster, Republican Party foreign policy adviser to President of United States.

DUPLESSIS, Maurice, Premier of Québec.

EBAN, Abba, Permanent Representative of Israel to United Nations.

EBERTS, C.C., Assistant Secretary to Cabinet and Secretary to Cabinet Defence Committee.

EDEN, Anthony, Foreign Secretary of United Kingdom (Nov.-).

EISENHOWER, General Dwight D., Supreme Allied Commander in Europe.

ELLISTON, Herbert, Diplomatic Correspondent, *Washington Post.*

ENGLISH, J.H., Commercial Counsellor, Embassy in United States.

ENTEZAM, Nazrollah, Representative of Iran to United Nations.

ERICHSEN-BROWN, J.P., Legal Division.

FAWZI BEY, Mahmoud, Representative of Egypt to General Assembly of United Nations.

FLEURY, Brigadier Frank J., Commander, Canadian Military Mission in Japan.

FORD, R.A.D., Chargé d'Affaires in Soviet Union (Apr.-).

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

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

FOWLER, R.M., Director, Pulp and Paper Division, Department of Defence Production.

FRANKS, Sir Oliver S., Ambassador of United Kingdom in United States.

FROST, Leslie, Premier of Ontario.

GAITSKELL, Hugh, Chancellor of Exchequer of United Kingdom (-Oct.).

LE GALLAIS, Hugues, Minister of Luxembourg to Canada with residence in United States.

GARDINER, J.G., Minister of Agriculture.

GARSON, S.S., Minister of Justice.

DE GASPERI, Alcide, premier ministre de l'Italie.

GEORGE, James, 1 ère Direction de liaison avec la Défense (-juin); conseiller de la délégation permanente auprès des Nations Unies.

GILL, E.T., conseiller, haut-commissariat au Royaume-Uni.

GLAZEBROOK, G.P. de T., chef, 2ème Direction de liaison avec la Défense.

GORDON-WALKER, Patrick C., secrétaire d'État des Relations du Commonwealth du Royaume-Uni (-oct.).

GRANDY, J.F., Direction des Amériques et de l'Extrême-Orient.

GREGG, M.F., ministre du Travail.

GRIFFIN, A.G.S., 1ère Direction de liaison avec la Défense (-juil.); Direction économique.

GROMYKO, Andrei A., sous-ministre des Affaires étrangères de l'Union soviétique.

GROSS, Ernest A., représentant suppléant des États-Unis auprès des Nations Unies et représentant suppléant au Conseil de sécurité.

GRUENTHER, Lt-gén. A.M., Armée des États-Unis, chef d'état-major auprès du commandant suprême des Forces alliés en Europe.

HARRIMAN, W.A., adjoint spécial du président des États-Unis.

HASAN, Said, secrétaire du ministère des Affaires économiques du Pakistan.

HARRIS, W.E., ministre de la Citoyenneté et de l'Immigration.

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

HASELTON, Norris, agent chargé des Affaires du Commonwealth, département d'État des États-Unis.

HEASMAN, G.R., directeur, Service des délégués commerciaux, ministère du Commerce.

HEENEY, A.D.P., sous-secrétaire d'État aux Affaires extérieures.

HEWETT, F.V.C., ministère du Commerce.

HICKERSON, John D., secrétaire d'État adjoint aux Affaires des Nations Unies, département d'État des États-Unis.

HISLOP, T.C.A., haut-commissaire de la Nouvelle-Zélande.

HOLLAND, S.G., premier ministre et ministre des Finances de la Nouvelle-Zélande.

DE GASPERI, Alcide, Prime Minister of Italy.

GEORGE, James, Defence Liaison (1) Division (-June); Adviser, Permanent Delegation to United Nations.

GILL, E.T., Counsellor, High Commission in United Kingdom.

GLAZEBROOK, G.P. de T., Head, Defence Liaison (2) Division.

GORDON-WALKER, Patrick C., Secretary of State for Commonwealth Relations of United Kingdom (-Oct.).

GRANDY, J.F., American and Far Eastern Division.

GREGG, M.F., Minister of Labour.

GRIFFIN, A.G.S., Defence Liaison (1) Division (-July); Economic Division.

GROMYKO, Andrei A., Deputy Minister of Foreign Affairs of Soviet Union.

GROSS, Ernest A., Deputy Representative of United States to United Nations and Deputy Representative on Security Council.

GRUENTHER, Lt-Gen. A.M., United States Army, Chief of Staff to Supreme Allied Commander in Europe.

HARRIMAN, W.A., Special Assistant to President of United States.

HASAN, Said, Secretary, Ministry of Economic Affairs of Pakistan.

HARRIS, W.E., Minister of Citizenship and Immigration.

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

HASELTON, Norris, Officer in Charge of Commonwealth Affairs, Department of State of United States.

HEASMAN, G.R., Director, Trade Commissioner Service, Department of Trade and Commerce.

HEENEY, A.D.P., Under-Secretary of State for External Affairs.

HEWETT, F.V.C., Department of Trade and Commerce.

HICKERSON, John D., Assistant Secretary of State for United Nations Affairs, Department of State of United States.

HISLOP, T.C.A., High Commissioner of New Zealand.

HOLLAND, S.G., Prime Minister and Minister of Finance of New Zealand.

HOLMES, John W., chef, Direction des Nations Unies et représentant permanent par intérim auprès des Nations Unies (mars-nov.).

HOOTON, Frank, Direction économique.

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

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

IGNATIEFF, George, conseiller, ambassade aux États-Unis.

IRELAND, Miss A.M., Direction du Commonwealth.

IRWIN, J.A., Direction économique.

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

ISMAY, Lord, secrétaire d'État aux Affaires du Commonwealth du Royaume-Uni (nov.-).

JAMES, vice-maréchal de l'air A.L., chef suppléant de l'état-major de l'air.

JEBB, sir H.M. Gladwyn, représentant permanent du Royaume-Uni auprès des Nations Unies.

JESSUP, Philip C., ambassadeur itinérant des États-Unis.

JOHNSON, Alexis, sous-secrétaire adjoint aux Affaires de l'Extrême-Orient, département d'État des États-Unis.

JOHNSON, David M., haut-commissaire au Pakistan (-oct.); représentant permanent auprès des Nations Unies (nov.-).

JOHNSON, Jesse C., chef de la Direction des matières premières de la United States Atomic Energy Commission.

JOY, vice-amiral C. Turner, Marine des États-Unis, délégué principal, délégation de l'Armistice du Commandement des Nations Unies (Corée).

KATZ-SUCHY, Juliusz, membre de la délégation de la Pologne à l'Assemblée générale des Nations Unies.

KATZIN, colonel Alfred G., représentant spécial du secrétaire général des Nations Unies en Corée.

KENNEDY, général Howard, directeur, Office de secours et de travaux des Nations Unies pour les réfugiés de Palestine.

HOLMES, John W., Head, United Nations Division; Acting Permanent Representative to United Nations (Mar.-Nov.).

HOOTON, Frank, Economic Division.

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

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

IGNATIEFF, George, Counsellor, Embassy in United States.

IRELAND, Miss A.M., Commonwealth Division.

IRWIN, J.A., Economic Division.

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

ISMAY, Lord, Secretary of State for Commonwealth Affairs of United Kingdom (Nov.-).

JAMES, A/V/M A.L., Deputy Chief of Air Staff.

JEBB, Sir H.M. Gladwyn, Permanent Representative of United Kingdom to United Nations.

JESSUP, Philip C., Ambassador-at-Large of United States.

JOHNSON, Alexis, Deputy Assistant Secretary of State for Far Eastern Affairs, Department of State of United States.

JOHNSON, David M., High Commissioner in Pakistan (-Oct.); Permanent Representative to United Nations (Nov.-).

JOHNSON, Jesse C., Director, Raw Materials Division, United States Atomic Energy Commission.

JOY, Vice-Admiral C. Turner, United States Navy, Senior Delegate, United Nations Command (Korea) Armistice Delegation.

KATZ-SUCHY, Juliusz, Member, Delegation of Poland to General Assembly of United Nations.

KATZIN, Colonel Alfred G., Special Representative of Secretary-General of United Nations in Korea.

KENNEDY, General Howard, Director, United Nations Relief and Works Agency for Palestine Refugees.

KENNEDY, Donald D., directeur adjoint, Office des affaires de l'Asie du Sud, département d'État des États-Unis, et chef de la délégation des États-Unis à la réunion du Comité consultatif à Colombo.

KHAN, sir Mohammed Zafrullah, ministre des Affaires étrangères du Pakistan.

KIM IL SUNG, premier ministre de la République populaire démocratique de Corée et commandant suprême de l'Armée populaire de Corée.

KINGSLEY, J. Donald, directeur général de l'Organisation internationale pour les réfugiés; agent-général du redressement de la Corée (-déc.).

KIRKPATRICK, sir Ivone, haut-commissaire du Royaume-Uni auprès de la Haute Commission interalliée en Allemagne.

KIRKWOOD, David, 1ère Direction de liaison avec la Défense.

KIRKWOOD, K.P., 2ième Direction de liaison avec la Défense (-oct.); haut commissaire au Pakistan (nov.-).

KRAFT, Ole Björn, ministre des Affaires étrangères du Danemark.

LACOSTE, Francis, représentant adjoint de France auprès du Conseil de sécurité, et représentant suppléant auprès du Comité des Douze du Comité des mesures collectives des Nations Unies.

LAMB, L.H., chargé d'affaires du Royaume-Uni à la République populaire de Chine.

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

LEDDY, John M., directeur adjoint, Office de la politique commerciale internationale, département d'État des États-Unis.

LÉGER, Jules, chef, Direction européenne (-juin); sous-secrétaire d'État adjoint aux Affaires extérieures.

LEPAN, D.V., adjoint spécial du secrétaire d'État aux Affaires extérieures.

LESAGE, Jean, secrétaire parlementaire du secrétaire d'État aux Affaires extérieures.

LIAQUAT. Voir Khan, Liaquat Ali.

LIE, Trygve, secrétaire général des Nations Unies.

LIPPMANN, Walter, correspondant diplomatique, *New York Herald Tribune.*

KENNEDY, Donald D., Deputy Director, Office of South Asian Affairs, Department of State of United States, and Head, Delegation of United States to Consultative Committee Meeting in Colombo.

KHAN, Sir Mohammed Zafrullah, Minister of Foreign Affairs of Pakistan.

KIM IL SUNG, Premier of Democratic People's Republic of Korea and Supreme Commander, Korean People's Army.

KINGSLEY, J. Donald, Director-General, International Refugee Organization; Agent-General for Korean Relief (-Dec).

KIRKPATRICK, Sir Ivone, High Commissioner of United Kingdom to Allied High Commission in Germany.

KIRKWOOD, David, Defence Liaison (1) Division.

KIRKWOOD, K.P., Defence Liaison (2) Division (-Oct.); High Commissioner in Pakistan (Nov.-).

KRAFT, Ole Björn, Minister of Foreign Affairs of Denmark.

LACOSTE, Francis, Deputy Representative of France to Security Council, and Alternate Representative on Committee of Twelve of Collective Measures Committee of United Nations.

LAMB, L.H., Chargé d'Affaires of United Kingdom in People's Republic of China.

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

LEDDY, John M., Deputy Director, Office of International Trade Policy, Department of State of United States.

LÉGER, Jules, Head, European Division (-June); Assistant Under-Secretary of State for External Affairs.

LEPAN, D.V., Special Assistant to Secretary of State for External Affairs.

LESAGE, Jean, Parliamentary Secretary to Secretary of State for External Affairs.

LIAQUAT. See Khan, Liaquat.

LIE, Trygve, Secretary-General of United Nations.

LIPPMANN, Walter, Diplomatic Correspondent, *New York Herald Tribune.*

LOVETT, R.G., secrétaire adjoint à la Défense des États-Unis (-sept.); secrétaire à la Défense des États-Unis.

MACARTHUR, général Douglas, commandant des Forces des États-Unis dans l'Extrême-Orient et commandant des Forces des Nations Unies en Corée (-mars).

MACDONALD, Scott, ambassadeur au Brésil (-juil.); ambassadeur en Yougoslavie (sept.-).

MACDONNELL, R.M., ministre en France.

MACKAY, R.A., chef, 1ère Direction de liaison avec la Défense.

MACKENZIE, C.J., président, Conseil national de recherches.

MACKENZIE, M.W., sous-ministre du Commerce (-avr.); sous-ministre de la Production pour la défense (avr.-).

MACMILLAN, H.R., représentant auprès du Bureau de la production de défense de l'OTAN.

MAGANN, G.L., ambassadeur en Grèce.

MALAN, Dr. D.F., premier ministre et ministre des Affaires extérieures d'Afrique du Sud.

MALIK, Y.A., sous-ministre des Affaires étrangères de l'Union soviétique; représentant permanent, délégation de l'Union soviétique à l'Assemblée générale des Nations Unies.

MANION, James P., secrétaire commercial, ambassade en France.

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

MARSHALL, George C., secrétaire à la Défense des États-Unis (-sept.).

MARTIN, Paul, ministre de la Santé nationale et du Bien-être social.

MATTHEWS, Freeman, sous-secrétaire d'État suppléant aux Affaires politiques, département d'État des États-Unis.

MATTHEWS, W.D., ministre, ambassade aux États-Unis.

MAYHEW, Robert, ministre des Pêcheries.

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

MCCARRAN, sénateur Patrick, président, sous-comité de la sécurité interne du Comité sénatorial sur l'organisation judiciaire des États-Unis.

MCCLOY JOHN J., haut-commissaire des États-Unis auprès de la Haute Commission interalliée en Allemagne.

LOVETT, R.G., Deputy Secretary of Defense of United States (Sept.); Secretary of Defense of United States.

MACARTHUR, General Douglas, Commander of United States Far Eastern Command and Commander of United Nations Forces in Korea (-Mar.).

MACDONALD, Scott, Ambassador in Brazil (-July); Ambassador in Yugoslavia (Sept.-).

MACDONNELL, R.M., Minister in France.

MACKAY, R.A., Head, Defence Liaison (1) Division.

MACKENZIE, C.J., Chairman, National Research Council.

MACKENZIE, M.W., Deputy Minister of Trade and Commerce (-Apr.); Deputy Minister of Defence Production (Apr.-).

MACMILLAN, H.R., Representative on NATO Defence Production Board.

MAGANN, G.L., Ambassador in Greece.

MALAN, Dr. D.F., Prime Minister and Minister of External Affairs of South Africa.

MALIK, Y.A., Deputy Minister of Foreign Affairs of Soviet Union; Permanent Representative, Delegation of Soviet Union to General Assembly of United Nations.

MANION, James P., Commercial Secretary, Embassy in France.

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

MARSHALL, George C., Secretary of Defense of United States (-Sept.).

MARTIN, Paul, Minister of National Health and Welfare.

MATTHEWS, Freeman, Deputy Under-Secretary of State for Political Affairs, Department of State of United States.

MATTHEWS, W.D., Minister, Embassy in United States.

MAYHEW, Robert, Minister of Fisheries.

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

MCCARRAN, Senator Patrick, Chairman, Internal Security Sub-Committee of Senate Committee on the Judiciary of the United States.

MCCLOY, John J., High Commissioner of United States to Allied High Commission in Germany.

MCCORDICK, J.A., 2ième Direction de liaison avec la Défense.

MCINNES, G.C., chef par intérim, Direction des Nations Unies (mars-nov.).

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

MCMAHON, sénateur Brian, (démocrate—Connecticut), président, Comité mixte du Congrès sur l'énergie atomique.

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

MCNAUGHTON, général A.G.L., président de la section canadienne de la Commission mixte internationale et président de la section canadienne de la CPCAD.

MEAGHER, Miss B.M., Direction économique.

MENON, V.K. Krishna, haut-commissaire de l'Inde au Royaume-Uni.

MENZIES, Arthur, chef, mission de liaison du Canada auprès du commandant suprême, Forces alliées, Japon.

MENZIES, R.G., premier ministre de l'Australie.

MERCHANT, Livingston, sous-secrétaire d'État suppléant aux Affaires de l'Extrême-Orient, département d'État des États-Unis.

MILLAR, sir F.R. Derek Hoyer, sous-secrétaire suppléant du Foreign Office et délégué du Royaume-Uni auprès du Conseil de l'Atlantique Nord.

MOCH, Jules, ministre de la Défense de France.

MOHAMMED, Ghulam, ministre des Finances et des Affaires économiques du Pakistan.

MOLSON, P.T., Direction européenne.

MORAN, H.O., sous-secrétaire adjoint aux Affaires extérieures.

MORRISON, Herbert, secrétaire d'État aux Affaires étrangères du Royaume-Uni (mars-oct.).

MUDALIAR, sir A. Ramaswami, représentant de l'Inde auprès de l'ECOSOC et premier vice-président de la douzième session.

MURPHY, Charles, conseiller spécial au président des États-Unis.

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.

NISOT, Joseph, représentant de la Belgique auprès du Comité des mesures collectives.

MCCORDICK, J.A., Defence Liaison (2) Division.

MCINNES, G.C., Acting Head, United Nations Division (Mar.-Nov.).

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

MCMAHON, Senator Brian (Democrat—Connecticut), Chairman, Joint Congressional Committee on Atomic Energy.

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

MCNAUGHTON, General A.G.L., Chairman, Canadian Section, International Joint Commission and Chairman, Canadian Section, P.J.B.D.

MEAGHER, Miss B.M., Economic Division.

MENON, V.K. Krishna, High Commissioner of India in United Kingdom.

MENZIES, Arthur, Head, Liaison Mission to S.C.A.P.

MENZIES, R.G., Prime Minister of Australia.

MERCHANT, Livingston, Deputy Assistant Secretary of State for Far Eastern Affairs, Department of State of United States.

MILLAR, Sir F.R. Derek Hoyer, Deputy Under-Secretary, Foreign Office, and Deputy of United Kingdom to North Atlantic Council.

MOCH, Jules, Minister of Defence of France.

MOHAMMED, Ghulam, Minister of Finance and Economic Affairs of Pakistan.

MOLSON, P.T., European Division.

MORAN, H.O., Assistant Under-Secretary of State for External Affairs.

MORRISON, Herbert, Foreign Secretary of United Kingdom (Mar.-Oct.).

MUDALIAR, Sir A. Ramaswami, Representative of India to ECOSOC, and First Vice-President of 12th Session.

MURPHY, Charles, Special Counsel to President of United States.

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.

NISOT, Joseph, Representative of Belgium on Collective Measures Committee.

NITZE, Paul, directeur, planification des politiques, département d'État des États-Unis.

NORMAN, E. Herbert, chef, Direction des Amériques et de l'Extrême-Orient.

NOSEK, Jiri, représentant permanent par intérim de la Tchécoslovaquie auprès des Nations Unies.

OVERBY, Andrew N., directeur exécutif adjoint du FMI.

PANIKKAR, Kavalam Madhava, ambassadeur de l'Inde à la République populaire de Chine.

PARKINSON, J.F., conseiller de finance, ambassade aux États-Unis (-août); ministre, ambassade en France, représentant auprès de la Commission des affaires économiques et financières de l'OTAN et chef de la mission auprès de l'Organisation européenne de coopération économique.

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

PELLA, Guiseppe, ministre du Budget et du Trésor de l'Italie.

PERKINS, George W., sous-secrétaire d'État aux Affaires européens, département d'État des États-Unis.

PHILLIPS, R.A.J., 1re Direction de liaison avec la Défense; secrétaire de section canadienne de la CPCAD.

PICK, A.J., Direction économique.

PICKERSGILL, J.W., adjoint exécutif du premier ministre.

PIERCE, S.D., représentant auprès de l'Organisation européenne de coopération économique (-avr.); ministre, ambassade aux États-Unis.

PLEVEN, René, premier ministre de France.

PLUMPTRE, A.F.W., chef, Direction économique.

POLLOCK, S.D., Direction des Relations économiques internationales, ministère des Finances.

PRIBIEVI, Rade, ministre de la Yougoslavie.

QUEUILLE, Pierre, conseiller commercial et attaché financier de l'ambassade de France.

RAE, Saul, premier secrétaire, haut-commissariat au Royaume-Uni.

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

RAU, sir Benegal, représentant permanent de l'Inde auprès des Nations Unies.

NITZE, Paul, Director, Policy Planning Staff, Department of State of United States.

NORMAN, E. Herbert, Head, American and Far Eastern Division.

NOSEK, Jiri, Acting Permanent Representative of Czechoslovakia to United Nations.

OVERBY, Andrew N., Deputy Managing Director of IMF.

PANIKKAR, Kavalam Madhava, Ambassador of India in People's Republic of China.

PARKINSON, J.F., Financial Counsellor, Embassy in United States (-Aug.); Minister, Embassy in France, Representative to Economic and Financial Board of NATO, and Head, Mission to O.E.E.C.

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

PELLA, Guiseppe, Minister of Budget and Treasury of Italy.

PERKINS, George W., Assistant Secretary of State for European Affairs, Department of State of United States.

PHILLIPS, R.A.J., Defence Liaison (1) Division; Canadian Secretary, PJBD.

PICK, A.J., Economic Division.

PICKERSGILL, J.W., Executive Assistant to Prime Minister.

PIERCE, S.D., Representative to O.E.E.C. (-Apr.); Minister, Embassy in United States.

PLEVEN, René, Prime Minister of France.

PLUMPTRE, A.F.W., Head, Economic Division.

POLLOCK, S.D., International Economic Relations Division, Department of Finance.

PRIBIEVI, Rade, Minister of Yugoslavia.

QUEUILLE, Pierre, Commercial Counsellor and Financial Attaché, Embassy of France.

RAE, Saul, First Secretary, High Commission in United Kingdom.

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

RAU, Sir Benegal, Permanent Representative of India to United Nations.

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

REID, Escott, sous-secrétaire d'État suppléant aux Affaires extérieures.

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

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

REYNOLDS, R.E., Direction économique.

RHEE, Syngman, président de la République de Corée.

RIDDELL, R.G., représentant permanent auprès des Nations Unies (-mars).

RIDGWAY, général Matthew B., commandant des Forces des États-Unis dans l' Extrême-Orient et commandant des Forces des Nations Unies en Corée (mars-).

RITCHIE, A.E., premier secrétaire, haut-commissariat au Royaume-Uni.

RITCHIE, C.S.A., sous-secrétaire d'État adjoint aux Affaires extérieures.

ROBERTS, A. Adrian, haut-commissaire d'Afrique du Sud.

ROBERTSON, Lt.-gén. sir H.C., commandant en chef de la B.C.O.F. au Japon.

ROBERTSON, N.A., greffier du Conseil privé et secrétaire du Cabinet.

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

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

RONNING, C.A., chargé d'affaires, République de Chine (Nankin) (-fév.); chef, Direction du Commonwealth (avr.-).

ROSS, Alexander, sous-ministre associé de la Défense nationale.

ROSS, John C., représentant suppléant des États-Unis à l'Assemblée générale des Nations Unies.

RUCKER, sir Arthur, directeur général suppléant de l'Organisation internationale pour les réfugiés.

RUSK, Dean, secrétaire d'État suppléant aux Affaires de l'Extrême-Orient, département d'État des États-Unis.

SAINT-LAURENT, Louis S., premier ministre.

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

REID, Escott, Deputy Under-Secretary of State for External Affairs.

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

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

REYNOLDS, R.E., Economic Division.

RHEE, Syngman, President of Republic of Korea.

RIDDELL, R.G., Permanent Representative to United Nations (-Mar.).

RIDGWAY, General Matthew B., Commander of United States Far Eastern Command and Commander of United Nations Forces in Korea (Mar.-).

RITCHIE, A.E., First Secretary, High Commission in United Kingdom.

RITCHIE, C.S.A., Assistant Under-Secretary of State for External Affairs.

ROBERTS, A. Adrian, High Commissioner of South Africa.

ROBERTSON, Lt. Gen. Sir H.C., Commander-in-Chief, B.C.O.F. in Japan.

ROBERTSON, N.A., Clerk of Privy Council and Secretary to Cabinet.

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

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

RONNING, C.A., Chargé d'Affaires, Republic of China (Nanking) (Feb.); Head, Commonwealth Division (Apr.-).

ROSS, Alexander, Associate Deputy Minister of National Defence.

ROSS, John C., Alternative Representative of United States to General Assembly of United Nations.

RUCKER, Sir Arthur, Deputy Director General, I.R.O.

RUSK, Dean, Deputy Secretary of State for Far Eastern Affairs, Department of State of United States.

ST.-LAURENT, Louis S., Prime Minister.

SATTERTHWAITE, Livington L., directeur suppléant, Bureau des Affaires du Commonwealth et de l'Europe du Nord, département d'État des États-Unis.

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

SANDERS, William, sous-secrétaire d'État aux Affaires des Nations Unies, département d'État des États-Unis.

SANTA CRUZ, Hernán, représentant permanent du Chili auprès des Nations Unies.

SARPER, Selim, représentant de la Turquie auprès des Nations Unies et président du Comité politique spécial.

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

SCHUMAN, Robert, ministre des Affaires étrangères de France.

SCOTT, S. Morley, Direction des Nations Unies.

SENANAYAKE, D.S., premier ministre et ministre de la Défense et des Affaires extérieures de Ceylan.

SHANN, K.C.O., représentant suppléant de la délégation d'Australie à l'Assemblée générale des Nations Unies.

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

SHINWELL, Emmanuel, ministre de la Défense du Royaume-Uni (-oct.).

SIM, David, sous-ministre du Revenu national (douanes et accise).

SIMONDS, Lt.-gén. G.G., chef d'état-major général.

SINCLAIR, James, adjoint parlementaire du ministre des Finances.

SLIM, le maréchal sir William Joseph, chef de l'état-major général impérial du Royaume-Uni.

SMITH, major-général J.D.B., président, état-major du Canada au Royaume-Uni (août-).

SMITH, C.E.S., directeur de l'Immigration.

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

SPENDER, sir Percy, ministre des Affaires extérieures de l'Australie (-mars); ambassadeur de l'Australie aux États-Unis.

SPOFFORD, Charles M., délégué des États-Unis auprès du Conseil de l'Atlantique Nord.

SATTERTHWAITE, Livington L., Deputy Director, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

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

SANDERS, William, Assistant Secretary of State for United Nations Affairs, Department of State of United States.

SANTA CRUZ, Hernan, Permanent Representative of Chile to United Nations.

SARPER, Selim, Representative of Turkey to United Nations, and Chairman, Ad-Hoc Political Committee.

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

SCHUMAN, Robert, Minister of Foreign Affairs of France.

SCOTT, S. Morley, United Nations Division.

SENANAYAKE, D.S., Prime Minister, Minister of Defence and of External Affairs of Ceylon.

SHANN, K.C.O., Alternate Representative, Delegation of Australia to General Assembly of United Nations.

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

SHINWELL, Emmanuel, Minister of Defence of United Kingdom (-Oct.).

SIM, David, Deputy Minister of National Revenue (Customs and Excise).

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

SINCLAIR, James, Parliamentary Assistant to Minister of Finance.

SLIM, Field Marshall Sir William Joseph, Chief of Imperial General Staff of United Kingdom.

SMITH, Major-General J.D.B., Chairman, Canadian Joint Staff in United Kingdom (Aug.-).

SMITH, C.E.S., Director of Immigration.

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

SPENDER, Sir Percy, Minister of External Affairs of Australia (-Mar.); Ambassador of Australia in United States.

SPOFFORD, Charles M., Deputy of United States to North Atlantic Council.

STALINE, généralissime (et maréchal de l'Union soviétique) Joseph V., président, Conseil des ministres de l'Union soviétique et secrétaire général du Parti communiste de l'Union soviétique.

STARKENBORGH. Voir Tjarda van Starkenborgh Stachouwer, Alidius.

STARNES, J.K., chef de la Direction de l'organisation et de l'effectif.

STEEN, Daniel, ministre de la Norvège.

DI STEFANO, Mario, ambassadeur de l'Italie.

STEIN, Charles, sous-secrétaire d'État, ministère du secrétaire d'État.

STIKKER, Dirk U., ministre des Affaires étrangères des Pays-Bas.

STONE, Thomas A., ministre en Suède et Finlande.

SUNDARESEN, N., gouverneur adjoint de la Reserve Bank of India.

SUNDE, major Arne, représentant de la Norvège auprès des Nations Unies.

SYKES, Paul, délégué commercial, haut-commissariat à Ceylan.

TATE, Jack B., conseiller juridique adjoint, département d'État des États-Unis.

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

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

THIBAULT, J.E., secrétaire et conseiller, délégation à la 6ième session de l'Organisation des Nations Unies pour l'éducation, la science et la culture.

THOMSON, J., haut-commissaire suppléant du Royaume-Uni.

THORP, Willard L., sous-secrétaire d'État aux Affaires économiques, département d'État des États-Unis.

TICOULAT, Gabriel Jean, directeur de la Direction des pâtes et papiers, Agence nationale de la production, administrateur adjoint des activités internationales, Agence de la production de défense des États-Unis.

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

TJARDA VAN STARKENBORGH STACHOWER, Alidius, délégué des Pay-Bas auprès du Conseil de l'Atlantique Nord.

STALIN, Generalissimo (and Marshal of Soviet Union) Joseph V., Chairman, Council of Ministers of Soviet Union and General Secretary of Communist Party of Soviet Union.

STARKENBORGH. See Tjarda van Starkenborgh Stachouwer, Alidius.

STARNES, J.K., Head, Establishments and Organization Division.

STEEN, Daniel, Minister of Norway.

DI STEFANO, Mario, Ambassador of Italy.

STEIN, Charles, Under-Secretary of State, Department of the Secretary of State.

STIKKER, Dirk U., Minister of Foreign Affairs of The Netherlands.

STONE, Thomas A., Minister in Sweden and to Finland.

SUNDARESEN, N., Deputy Governor of Reserve Bank of India.

SUNDE, Major Arne, Representative of Norway to United Nations.

SYKES, Paul, Trade Commissioner, High Commission in Ceylon.

TATE, Jack B., Deputy Legal Adviser, Department of State of United States.

SEE Chiang Kai-Shek.

SEE Chou En-Lai.

THIBAULT, J.E., Secretary and Adviser, Delegation to Sixth Session of UNESCO.

THOMSON, J., Deputy High Commissioner of United Kingdom.

THORP, Willard L., Assistant Secretary of State for Economic Affairs, Department of State of United States.

TICOULAT, Gabriel Jean, Director, Pulp and Paper Division, National Production Authority, and Deputy Administrator, International Activities, Defense Production Administration of United States.

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

TJARDA VAN STARKENBORGH STACHOWER, Alidius, Deputy of Netherlands to North Atlantic Council.

TOWE, P.M., troisième secrétaire, ambassade aux États-Unis.

TOWERS, Graham, gouverneur de la Banque du Canada.

TRUMAN, Harry S., président des États-Unis.

TSIANG, Tingfu F., représentant de la République de Chine à l'Assemblée générale des Nations Unies.

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

VANDENBERG, général Hoyt S., chef d'état-major, USAF.

VANIER, Georges P., ambassadeur en France.

VYCHINSKY, Andrei Y., ministre des Affaires étrangères de l'Union soviétique et chef de la délégation de l'Union soviétique à l'Assemblée générale des Nations Unies.

WALSH, brigadier G., commandant, vingt-septième brigade d'infanterie canadienne.

WALSH, général Robert L., président de la section américaine du CPCAD.

WARREN, J.H., Direction économique.

WATKINS, J.B.C., chargé d'affaires en Union soviétique (-mars); Direction européenne.

WERSHOF, M.H., 1re Direction de liaison avec la Défense.

WHITTEN, général Lyman P., commandant, commandement du Nord-Est des États-Unis.

WILGRESS, L. D., haut-commissaire au Royaume-Uni; représentant permanent auprès du Conseil de l'Atlantique Nord.

WILLOUGHBY, Woodbury, conseiller aux Affaires économiques, ambassade des États-Unis.

WILSON, C.E., directeur de mobilisation économique des États-Unis.

WINTERS, Robert, ministre des Ressources et du Développement.

WOLFSON, Harry L., secrétaire financier de l'ambassade aux États-Unis.

WOODWARD, Stanley, ambassadeur des États-Unis.

WRIGHT, H.H., Direction économique.

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

TOWE, P.M. Third Secretary, Embassy in United States.

TOWERS, Graham, Governor of the Bank of Canada.

TRUMAN, Harry S., President of United States.

TSIANG, Tingfu F., Representative of Republic of China to General Assembly of United Nations.

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

VANDENBERG, General Hoyt S., Chief of Staff, USAF.

VANIER, Georges P., Ambassador in France.

VISHINSKY, Andrei Y., Minister of Foreign Affairs of Soviet Union, and Chairman, Delegation of Soviet Union to General Assembly of United Nations.

WALSH, Brigadier G., Commander, 27th Canadian Infantry Brigade.

WALSH, General Robert L., Chairman, American Section, PJBD.

WARREN, J.H., Economic Division.

WATKINS, J.B.C., Chargé d'Affaires in Soviet Union (-Mar.); European Division.

WERSHOF, M.H., Defence Liaison (1) Division.

WHITTEN, General Lyman P., Commander, United States North Eastern Command.

WILGRESS, L. D., High Commissioner in United Kingdom; Permanent Representative to North Atlantic Council.

WILLOUGHBY, Woodbury, Counsellor for Economic Affairs, Embassy of United States.

WILSON, C.E., Director of Economic Mobilization of United States.

WINTERS, Robert, Minister of Resources and Development.

WOLFSON, Harry L., Financial Secretary, Embassy in United States.

WOODWARD, Stanley, Ambassador of United States.

WRIGHT, H.H., Economic Division.

WRONG, H. Hume, Ambassador in United States.

WU, général Hsui-chuan, chef du département des Affaires soviétiques et de l'Europe de l'Est du ministère des Affaires étrangères de la République populaire de Chine et chef de la délégation représentante le gouvernement de la République populaire de Chine auprès du Conseil de sécurité des Nations Unies.

YOSHIDA, Shigeru, premier ministre du Japon.

VAN ZEELAND, Paul, ministre des Affaires étrangères et du Commerce étranger de la Belgique.

ZOPPI, Count Vittorio, secrétaire général, ministère des Affaires étrangères de l'Italie.

WU, General Hsui-chuan, Head, Soviet and Eastern Affairs Department, Foreign Ministry of People's Republic of China and Head of Delegation representing Central People's Government of People's Republic of China to Security Council of United Nations.

YOSHIDA, Shigeru, Prime Minister of Japan.

VAN ZEELAND, Paul, Minister of Foreign Affairs and Foreign Trade of Belgium.

ZOPPI, Count Vittorio, Secretary-General, Ministry of Foreign Affairs of Italy.

ILLUSTRATIONS

Toutes les photographies provenant de la Direction de l'art documentaire et de la photographie des Archives nationales portent le numéro du négatif dans l'angle inférieur gauche.
Toutes les démarches possibles ont été effectuées en vue de communiquer avec les détenteurs des droits d'auteur.

All photos from the Documentary Art and Photography Division of the National Archives are marked with the negative number in the bottom left-hand corner.
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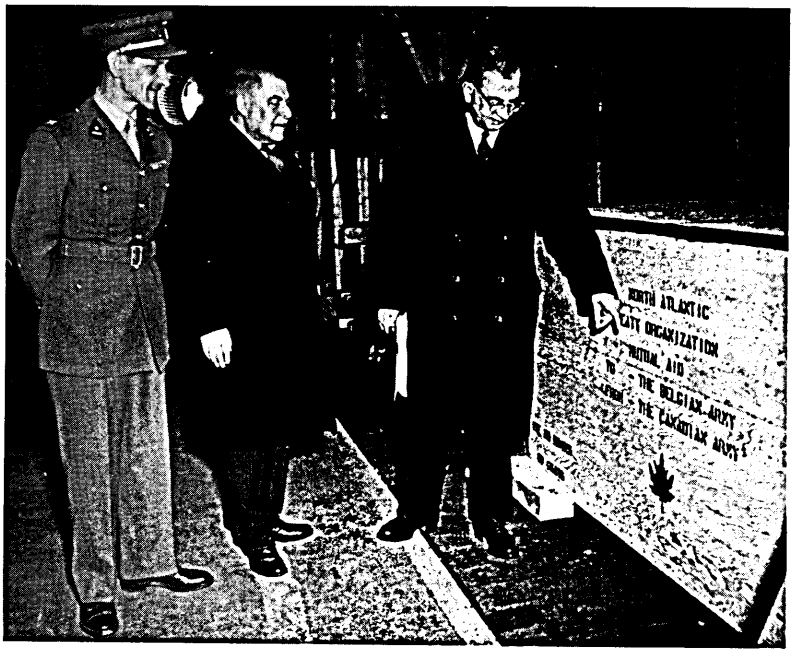
PA-195872

Prime Minister René Pleven (seated right) meets with Prime Minister Louis St. Laurent (seated left) in Ottawa in March 1951. Standing l. to r.: the Under-Secretary of State for External Affairs, A.D.P. Heeney; the French Ambassador to Canada, Hubert Guérin; the Minister of Trade and Commerce, C.D. Howe; the Minister of National Defence, Brooke Claxton; the Secretary of State for External Affairs, Lester B. Pearson; and the Secretary-General of the French Ministry of Foreign Affairs, Alexandre Parodi.

Le premier ministre René Pleven (assis à droite) rencontre le premier ministre Louis Saint-Laurent (assis à gauche)à Ottawa en mars 1951. Debout de gauche à droite : le sous-secrétaire d'État aux Affaires extérieures, A.D.P. Heeney; l'ambassadeur de France au Canada, Hubert Guérin; le ministre du Commerce, C.D. Howe; le ministre de la Défense nationale, Brooke Claxton; le secrétaire d'État aux Affaires extérieures, Lester B. Pearson; et le secrétaire général du ministère français des Affaires étrangères, Alexandre Parodi.



PA-196332

The Minister of National Defence, Brooke Claxton (right), turns over Canadian mutual aid supplies to the Belgian Ambassador to Canada, Vicomte du Parc (middle), in March 1951.

Montreal Gazette

Le ministre de la Défense nationale, Brooke Claxton (à droite), remet des fournitures canadiennes de l'aide mutuelle à l'ambassadeur de Belgique au Canada, le vicomte du Parc (au centre), en mars 1951.

PA-195380

Troops from the 27th Infantry Brigade Group arrive in Rotterdam in November 1951 en route to West Germany.

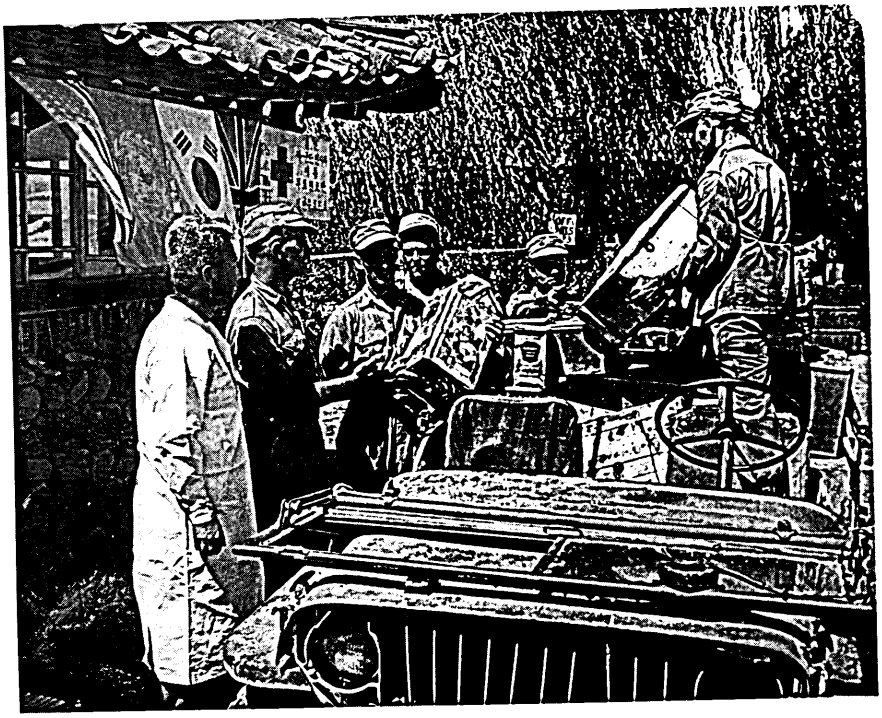
Les soldats du groupe-brigade de la 27e infanterie arrivent à Rotterdam en novembre 1951 en route pour l'Allemagne de l'Ouest.

C-20131

The Secretary of State for External Affairs, Lester B. Pearson, signs the Japanese Peace Treaty in September 1951.

Acme News Pictures

Le secrétaire d'État aux Affaires extérieures, Lester B. Pearson, signe le Traité de paix avec le Japon en septembre 1951.



PA-151996

Warrant Officer Maurice Rice Juteau of the 2nd Battalion, Royal 22nd Regiment, distributing food to Korean refugees in July 1951.

L'adjudant Maurice Rice Juteau du 2e bataillon, Royal 22e Régiment, distribuant de la nourriture à des réfugiés coréens en juillet 1951.

PA-129118

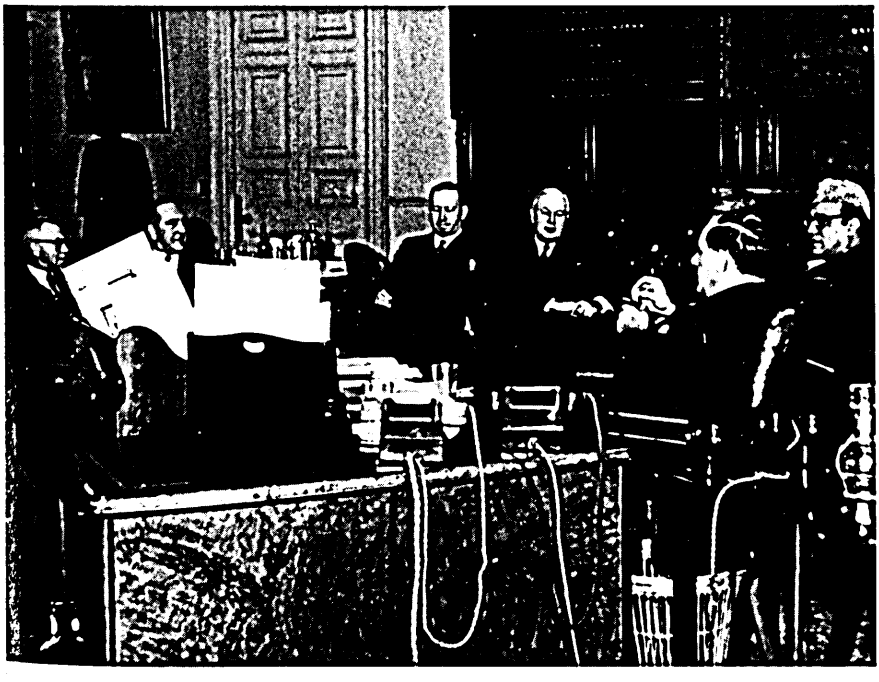
Canadian sailors aboard H.M.C.S. Nootka question captured Korean fishermen in May 1951.

Des marins canadiens à bord du NCSM Nootka questionnent des pêcheurs coréens capturés en mai 1951.

PA-195404

Dana Wilgress (right), High Commissioner in the United Kingdom, shows their Majesties the King and Queen around the Canadian booth at the 1951 British Industries Fair.

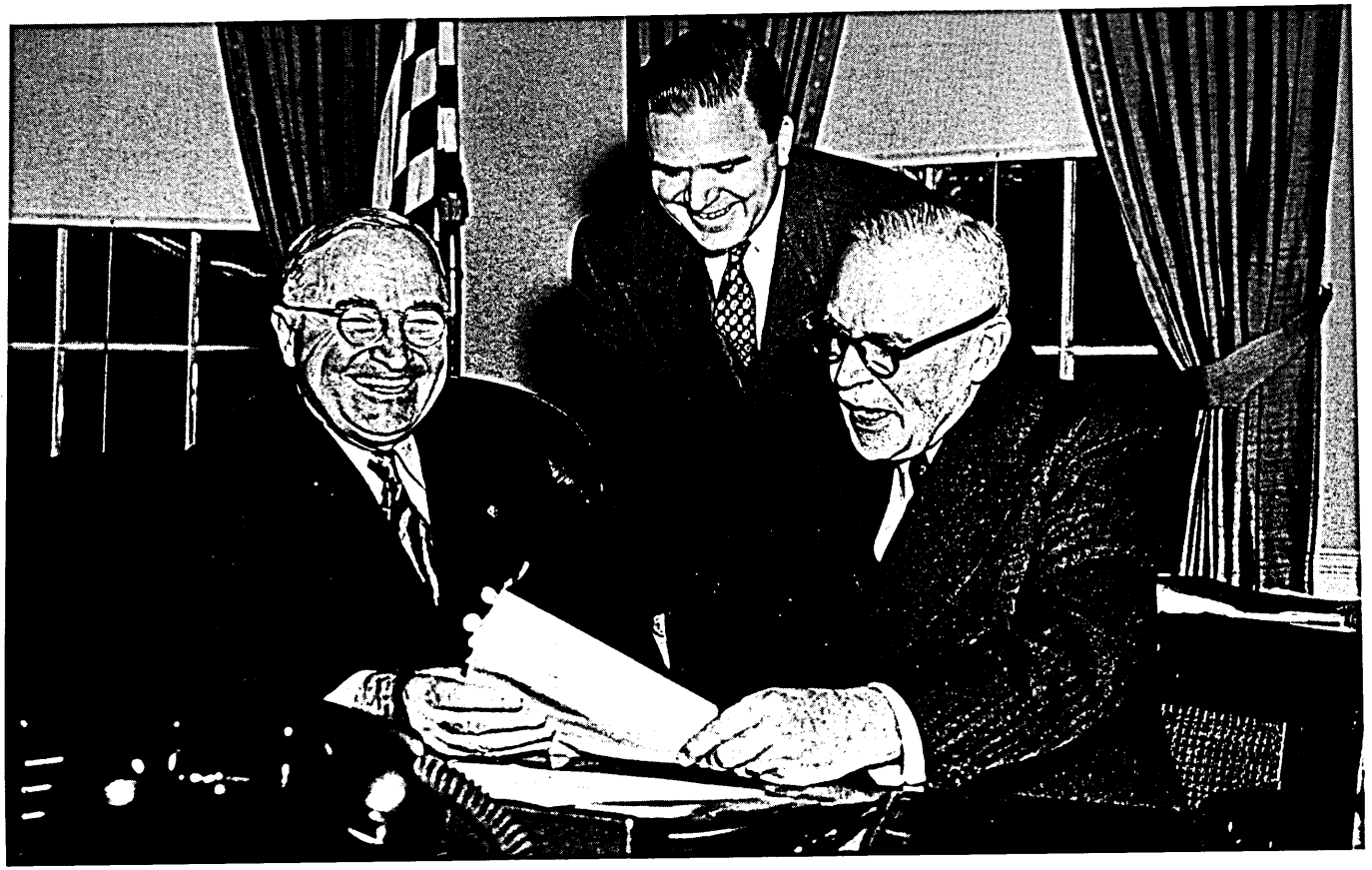
Dana Wilgress (à droite), haut-commissaire au Royaume-Uni, montre à Ses Majestés le Roi et la Reine le stand canadien à la Foire des industries britanniques de 1951.



PA-195405

A meeting of Commonwealth High Commissioners in the offices of the Secretary of State for Commonwealth Relations in London. Dana Wilgress, High Commissioner in the United Kingdom, is fourth from the left.

Rencontre des hauts-commissaires du Commonwealth dans les bureaux du secrétaire d'État aux Relations avec le Commonwealth à Londres. Dana Wilgress, haut-commissaire au Royaume-uni, est quatrième à partir de la gauche.



PA-87195

President Harry S. Truman (seated left) and Prime Minister Louis St. Laurent (seat-

Philip Ellison

Le président Harry S. Truman (assis à gauche) et le premier ministre Louis Saint-Laurent (assis à droite) à la Maison-Blanche en octobre 1951.

PA-194446

R.G. Riddell on leaving Ottawa in August 1950 to take up his duties as Permanent Representative to the United Nations. He died suddenly in March 1951.

R.G. Riddell à son départ d'Ottawa en août 1950 pour aller occuper le poste de représentant permanent aux Nations unies. Il est décédé subitement en mars 1951.

UN-34399 United Nations Photo

John D. Kearney, Ambassador to Argentina and head of the Canadian Delegation to the 12th session of the Economic and Social Council in Santiago, Chile in February-March 1951.

Photo des Nations unies

John D. Kearney, ambassadeur en Argentine et chef de la délégation canadienne à la 12e session du Conseil économique et social à Santiago au Chili en février-mars 1951.

UN-33501 United Nations Photo

John W. Holmes (left), Acting Permanent Representative to the United Nations [illegible] Secretary-General of the United Nations, with a cheque for eight million dollars for relief and rehabilitation projects in Palestine and Korea.

Photo des Nations unies

John W. Holmes (à gauche), représentant permanent intérimaire aux Nations unies remet à Trygve Lie, secrétaire général des Nations unies, un chèque de huit millions de dollars pour des projets de [illegible] redressement en Palestine et en Corée.

CHAPITRE PREMIER/CHAPTER I

CONDUITE DES RELATIONS EXTÉRIEURES
CONDUCT OF EXTERNAL RELATIONS

PREMIÈRE PARTIE/PART 1

STATUT DES HAUTS-COMMISSAIRES
STATUS OF HIGH COMMISSIONERS

SECTION A

LETTRES D'INTRODUCTION
LETTERS OF INTRODUCTION

1. PCO/Vol. 196

Le premier ministre du Royaume-Uni
au premier ministre

Prime Minister of United Kingdom
to Prime Minister

London, February 5, 1951

My dear Prime Minister,

When the question of the accreditation of High Commissioners was discussed at the meeting of Commonwealth Prime Ministers in 1948 it was agreed that High Commissioners should not be accredited to or by The King but that the question of providing some form of credentials for them should be considered.

Since then, as you know, this question was raised at the end of 1949 by Mr. Nehru in the light of certain assurances which he had given, when India's position as a Republic within the Commonwealth was under consideration in India, that Indian representatives abroad would in each case be accredited by the President of the Indian Republic to the Head of the State concerned. Following discussions between the United Kingdom and Indian Governments, of which other Commonwealth Governments were duly informed at the time, it was agreed that the United Kingdom High Commissioner in Delhi and the Indian High Commissioner in London should be given Letters of Commission signed by The King and the President respectively.

In these circumstances, I think you will agree that the time has come for Commonwealth Governments other than India to consider the adoption of some form of intergovernmental accreditation for High Commissioners exchanged between themselves. Subject to the views of other Commonwealth Governments, it seems to me that the most appropriate procedure would be for such High Commissioners to

be provided with a letter from their Prime Minister to the Prime Minister of the country to which they are appointed. This is the procedure actually followed by the Union Government in the case of their High Commissioners, and I suggest that it should be adopted, or in the case of South Africa continued, in all future appointments of this kind.

I am writing in similar terms to the Prime Ministers of all the other Members of the Commonwealth except India, and I am sending copies of my letters to the respective Commonwealth High Commissioners in London.[1]

Yours sincerely,

C.R. ATTLEE

PCO/Vol. 196

2.

Le premier ministre
au premier ministre du Royaume-Uni

Prime Minister
to Prime Minister of United Kingdom

Ottawa, March 14, 1951

My dear Prime Minister,

I was glad to receive your letter of February 5 relative to the accreditation of High Commissioners. You will be interested to know that it has for some time been our practice to provide Canadian High Commissioners with letters of introduction from the Secretary of State for External Affairs to his opposite number in the respective Commonwealth capitals — i.e. to the Secretary of State for Commonwealth Relations in London and to the Minister for External Affairs or for Commonwealth Relations in other Commonwealth countries.

The practice of Commonwealth governments varies with respect to appointments to Ottawa; the High Commissioner for Australia who arrived in 1947, like his United Kingdom colleague who arrived the previous year, bore no letter of accreditation, the High Commissioner for New Zealand who arrived in August 1950 and the most recent High Commissioner for India who arrived in August, 1949, carried letters of introduction from their respective Ministers of External Affairs, and the High Commissioners for Pakistan and South Africa, both of whom came in the middle of 1949, carried letters of introduction from Prime Minister to Prime Minister.

I share what I believe to be your view that it is desirable to achieve so far as possible uniformity between Commonwealth nations with respect to accreditation and the designation of representatives exchanged between them. Consequently I

[1] Note marginale :/Marginal note:
Mr Ritchie to note
Mr Pick/Mr Feaver to prepare memo[randum] to P[rime] M[inister] & Minister & draft reply A.D.P.H[eeney] Feb 21.

welcome your proposal to consider the adoption of some form of intergovernmental accreditation for High Commissioners.

We have felt that personal letters of introduction from the Secretary of State for External Affairs to his corresponding colleague in other Commonwealth governments is in keeping with the informal and friendly relationship which exists within the Commonwealth. At the same time we see no objection in principle to such communications from Prime Minister to Prime Minister. However, if a change is to be made affecting a number of Commonwealth nations and if we are to explore the possibility of uniformity of accreditation, it occurs to me that it would be advisable to examine the desirability of general adoption of the form of accreditation initiated last year between the United Kingdom and India. It is clear that the wording of a Commission accrediting a High Commissioner from one Commonwealth country to another, in cases where India is not involved, must be worded differently to the Commissions used by the United Kingdom and Indian High Commissioners in New Delhi and London respectively.

I should be interested to learn from you of the nature of the replies received from other Commonwealth Prime Ministers and trust that these will indicate that a basic uniformity can be established in respect of this matter of accreditation.

Yours sincerely,

L.S. ST. LAURENT

3. DEA/3011-A-40

Le premier ministre du Royaume-Uni au premier ministre[2]

Prime Minister of United Kingdom to Prime Minister[2]

London, June 30, 1951

My dear Prime Minister

Would you refer to your letter of the 14th March about the suggestion that in future High Commissioners exchanged between Members of the Commonwealth other than India should be accredited by a letter from their Prime Minister to the Prime Minister of the country to which they are appointed?

The Prime Minister of Pakistan has not yet formally replied, but the Acting United Kingdom High Commissioner in Karachi has been informed that the Pakistan Government would be happy to provide their own High Commissioner with, and accept from the High Commissioners of other Commonwealth countries, Prime Minister to Prime Minister letters. All the other Prime Ministers have sent favourable replies on the following lines.

[2] Note marginale :/Marginal note:
Left by Mr. Thomson, Dep[uty] H[igh] C[ommissioner] for U.K. July 9/51. E. R[eid].

Australia

The Prime Minister of Australia agrees that the most appropriate procedure would be for the High Commissioners to be provided with a letter from their Prime Minister to the Prime Minister of the country to which they are appointed.

New Zealand

The Prime Minister of New Zealand has arranged that in future New Zealand High Commissioners will be provided with a letter of introduction from Prime Minister to Prime Minister. He adds that this arrangement will not preclude them from carrying at the same time a less formal letter from the Minister of External Affairs, such as it has been New Zealand's practice to provide in recent years.

South Africa

The Prime Minister of South Africa says that the Union Government readily agree to continue their practice of furnishing their High Commissioners with letters of introduction from Prime Minister to Prime Minister.

Ceylon

The Prime Minister of Ceylon agrees that it is desirable for Commonwealth Governments other than India to decide upon a uniform manner of accrediting High Commissioners exchanged among themselves, and that letters from Prime Minister to Prime Minister would be appropriate. Mr. Senanayake adds that he has in fact written such letters for High Commissioners recently appointed by the Ceylon Government, and that in his view uniformity in the wording of the letters of accreditation is not necessary.

In the light of the foregoing replies, I think that we may now all proceed on the assumption that in future High Commissioners, other than those exchanged with India, will be furnished with an appropriate letter from their Prime Minister. For our part we shall now arrange that United Kingdom High Commissioners appointed hence-forward shall carry such a letter. I agree with the Prime Minister of Ceylon that there need not be uniformity of drafting and hope that this view will find general acceptance.

So far as the form of the letter is concerned, I quite agree that the wording should be different from that used in the Commissions given to the United Kingdom and Indian High Commissioners in New Delhi and London. So long as the general practice is uniform, as it is now agreed that it shall be, the actual form of words can no doubt be left to the Prime Minister concerned.

I have written in similar terms to the Prime Ministers of Australia, New Zealand, South Africa and Ceylon.

I have also sent a letter to the Prime Minister of Pakistan telling him that the new arrangements have the approval of the other Prime Ministers, and that I hope that he too will find them acceptable.

A copy of this letter has been sent to your High Commissioner in London.

Yours sincerely,

C.R. ATTLEE

SECTION B

DOYEN DU CORPS DIPLOMATIQUE À OTTAWA
DEAN OF DIPLOMATIC CORPS IN OTTAWA

4. DEA/10062-40

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 2038 Ottawa, November 13, 1951

SECRET

DEAN OF DIPLOMATIC CORPS

Please arrange for delivery of the following telegram from the Prime Minister of Canada to the Prime Minister of the United Kingdom. Message begins:

1. The present Brazilian Ambassador who is Dean of the Diplomatic Corps will be leaving Ottawa shortly. Next in order of precedence are the High Commissioner for the United Kingdom, the High Commissioner for Australia, the Ambassador of Chile and the Ambassador of China.

2. As you are doubtless aware, at the meeting of Prime Ministers in 1948 approval was given to a report of the Committee appointed to consider the status of High Commissioners. This report stated that "it was agreed that there was no good reason why a High Commissioner should not become the doyen of the Diplomatic Corps, but that it was unnecessary to press the point", and then concluded that "there is no objection, on the assumption that this is not pressed, to the diplomatic doyen of the Diplomatic Corps continuing to take precedence over other Ambassadors or High Commissioners". Application of this conclusion to the situation in Ottawa would result in the Deanship devolving upon the Chilean Ambassador and, when he leaves, upon the Chinese Ambassador. This latter eventuality would create considerable embarrassment not only for the Canadian Government but also for representatives in Ottawa of those Governments which have ceased to recognize the Nationalist regime which he represents.

3. We feel that the close relations between the nations of the Commonwealth should not be an obstacle to the acceptance by the representative of the United Kingdom of a precedence and an honour which would be readily accorded to the representative of a nation with which our relations are much less intimate.

4. I would hope that the United Kingdom Government would have no objection to the Deanship going normally according to seniority to the United Kingdom High Commissioner, a course which would give us pleasure and might spare us possible embarrassment; if you concur I shall notify other Commonwealth Governments that we propose with your concurrence to recognize the United Kingdom High Commissioner as the successor of the present Dean.

5. I need scarcely add that Sir Alexander Clutterbuck possesses qualities which would make him a most distinguished Dean of the Diplomatic Corps in Ottawa. Message ends.

5. DEA/10062-40

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

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

TELEGRAM 2835 London, November 27, 1951

SECRET

Reference: Your telegram No. 2038 of November 13.

DEAN OF DIPLOMATIC CORPS

1. The following message dated November 26 has been received for Mr. St. Laurent from Mr. Churchill, Begins: "Thank you so much for your message. It is very good of you to consult us on this and I am gratified by your kind references to Sir Alexander Clutterbuck. If you wish him to be Dean, and if this is also the wish of the Diplomatic Corps, we should raise no objections." Ends.

6. DEA/10062-40

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

CONFIDENTIAL [Ottawa], December 27, 1951

You are probably aware that some members of the Diplomatic Corps appear to be uneasy about the Note† which was circulated recently whereby the Canadian Government notified Heads of Missions that a Commonwealth High Commissioner could now become Dean of the Corps and that on the departure of Dr. Paes, the High Commissioner for the United Kingdom would succeed him.[3]

2. During the conversation I had with the Italian Ambassador yesterday, when I handed him the answer to the Italian Note on the Peace Treaty,[4] I raised this issue with Mr. di Stefano to try and clarify the matter. I asked him how he felt about the ruling on the succession to Dr. Paes and what reactions it had among the local Heads of Mission. Mr. di Stefano told me that personally he had found our Note rather upsetting but that he certainly did not intend to make any official protest. He

[3] Clutterbuck a été doyen du corps diplomatique jusqu'au 22 mai 1952.
Clutterbuck served as Dean of the Diplomatic Corps until May 22, 1952.
[4] Voir le document 901./See Document 901.

added that he had discussed it only with two of his diplomatic colleagues, Messrs. du Parc and Woodward, and that both had agreed with his interpretation. His main argument is that Governments have nothing to do with the designation of a Dean who, normally, is appointed by the Diplomatic Corps. According to a long-standing tradition, the Dean is either the Papal Nuncio or the senior Ambassador. Mr. di Stefano pointed out that according to this established tradition, Sir Alexander Clutterbuck could only become Dean were he a full-fledged Ambassador.

3. I told the Italian Ambassador that none of his comments were irrelevant and that if he so wished he could make a good diplomatic case against the action taken by the Canadian Government. I added that taking the accords of the Congress of Vienna as a landmark in world history he could go a step further and make a good legal case against Canada ever having become an independent country. I further pointed out that he was familiar enough with Canadian policy to realize that in the slow process of constitutional evolution leading to a clarification of our international status, there were and there would continue to be problems, the solution of which might not always be tidy. In such circumstances, we were sure that our friends would understand and that this was one of those cases where we hoped we could rely on him.

4. Mr. di Stefano assured me that these considerations had come to his mind and that as a matter of fact he had appended them to our Note when he transmitted copy of it to his own Government. I told him that if it were at all possible, the best policy might be to take that line also in private conversations with his colleagues. God or/and Machiavelli only knows or know whether he will do so.

J. L[ÉGER]

2e PARTIE/PART 2

REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE
DIPLOMATIC AND CONSULAR REPRESENTATION

SECTION A

FINLANDE
FINLAND

DEA/11336-69-40

7.

Note de la Direction de l'organisation et de l'effectif pour les Directions du personnel, affaires consulaires, européenne, économique, de liaison avec la Défense et des finances

Memorandum from Establishments and Organization Division to Personnel, Consular, European, Economic, Defence Liaison and Finance Divisions

[Ottawa], March 15, 1951

I enclose a copy of despatch No. 15 of March 1, 1951 from the Minister in Stockholm concerning the possibility of sending a political officer to Helsinki.

Mr. Moran has commented on this despatch in the following terms:

"We can't do this just now

(a) because we haven't a Foreign Service Officer to spare

(b) no provision for the extra cost has been made in next year's Estimates.

It would be useful to consult the Divisions concerned and obtain their views as to the need."

I am therefore passing on to you this information for whatever comments you may care to make.

J.K. STARNES

[PIÈCE JOINTE/ENCLOSURE]

Le ministre en Suède
au secrétaire d'État aux Affaires extérieures

Minister in Sweden
to Secretary of State for External Affairs

DESPATCH 15 Stockholm, March 1, 1951

CONFIDENTIAL

OFFICE IN HELSINKI, FINLAND

1. The purpose of this despatch is to enquire whether any thought has been given in the Department to the question of opening an office in Finland with a Secretary who would act as Chargé d'Affaires except when I am actually visiting that country. This officer would in the circumstances probably have to be at least F.S.O. 2 — somewhat higher rank would perhaps be desirable.

2. You will recall that at the time of the appointment of the Assistant Military Attaché to this mission, the Department of National Defence suggested that he might reverse our present procedure by residing in Helsinki and visiting Stockholm from time to time. To this suggestion I replied that in my view it would not be wise to have a Service attaché open an office in Finland without the presence there also of a political officer. I am still of this view.

3. There seems now, however, to be a definite possibility that a second department of the government, the Department of Citizenship and Immigration, will have to consider opening an office in Finland. Certainly the increase in interest in emigrating to Canada in Finland during the past months has been so great as almost to frighten us here. On one day this week some 400 letters came from Finland and it looks as if the daily average might soon reach this figure. It is, of course, quite impossible for the visa section here to deal with these and at the same time cope with the local customers to whom some 80 visas per day are being issued.

4. I would not be inclined to take the same deep objection to the opening of a visa office by itself in Helsinki as I took in the case of the proposal to send a Service attaché there by himself. I cannot say, however, that I would be altogether happy were we to send visa officers to that country unaccompanied by a political officer of our own Service. It might be argued that there is a precedent for this in the establishment of visa offices in Austria where we have no political officers, but it seems to me that the situation in Finland is not really comparable. First and foremost there is the deep desire on the part of the Finns that we should as soon as possible open a permanent legation in their capital and I think, although I have no basis in fact for the thought, that they would be unhappy were we to send officials of the Canadian Government of, if I may dare to put it this way, not quite so exalted status as diplomatic officers, in the first instance. In the second place, in our experience here there have been many occasions when in my view political advice to the visa officers has been useful. This would, I am sure, be even more the case in Finland.

5. There is no question in my mind that a junior officer who could act as Chargé d'Affaires in a permanent legation in Finland could find plenty to do to occupy his time. There is a certain amount of consular work and there is a wide open information field. There are also problems of registration of Canadian citizens and the determination of Canadian nationality in doubtful cases. In addition, as I suggested above, such an officer would be called upon very often to assist and advise visa officers if they were there, as they will probably have to be.

6. The arguments which I set forth above are for the most part almost self-evident truths, as I am sure you will agree. I appreciate, however, the two over-riding problems which you have to consider arising from shortages of officer personnel and the necessity for economies in the expenditure of funds at the present time. These I know must eventually determine any decision in this matter. I would venture to suggest, however, that if a visa office[5] is to be opened in Helsinki, the relatively small extra expense to the Canadian tax-payer of sending a political officer along as well would be justifiable.

7. I understand that the establishment for the Stockholm mission recently recommended to Treasury provides for two junior political officers. In ordinary circumstances I would prefer to have the second junior officer resident in Stockholm, specializing to some degree on Finnish affairs and perhaps visiting that country regularly and perhaps more often that we do now. If, however, another Department or other Departments in Ottawa wish to have officers permanently in Helsinki, the best plan would be to establish a mission there to which they could be attached. If this were done, the Assistant Military Attaché could live in Helsinki in accordance with the original desire of the Department of National Defence.

THOMAS A. STONE

DEA/8775-40

8.

Note de la Direction européenne
pour la Direction de l'organisation et de l'effectif

Memorandum from European Division
to Establishments and Organization Division

[Ottawa], March 20, 1951

I refer to your memorandum of March 15, 1951, enclosing a copy of Despatch No. 15 of March 1, 1951 from the Canadian Minister in Stockholm concerning the possibility of posting a political officer to Helsinki.

2. In view of Mr. Moran's comments it seems clear that we cannot this year appoint a political officer to Helsinki. It is, however, to be hoped that lack of funds and a shortage of personnel will not remain permanent obstacles to the expansion of Canada's representation abroad. Mr. Stone has put forward a strong case on

[5] Note marginale :/Marginal note:
I think he means Immigration's office. I suggest we take this up with Citiz[enship] & Im[migration] Dept. See below. [Joseph Jean Martial Coté]

practical grounds for permanent Canadian representation in Helsinki and on those grounds this Division supports him.

3. There is the further consideration that relations between Finland and the U.S.S.R. offer an important field of investigation and political reporting particularly in these days of East-West tension. In Finland we have a small and sturdy nation living in uneasy proximity to the Soviet Union. Its whole economy is still heavily influenced by the necessity of delivering reparations to the U.S.S.R. and its political life is determined by its struggle to retain its independence in the face of Soviet interference expressed through threats, warnings and propaganda. Finland is perhaps the last country in Europe which the Soviet Union can take over without a struggle and without precipitating a world war. Yet the treatment which Soviet Russia metes out to Finland is puzzlingly inconsistent. It sometimes looks as if the Soviet Union wants to keep Finland as a horrid example of capitalist democracy in the process of disintegrating, a process which the Russians accelerate by devious rather than open means. There can be few Europeans with as intimate a knowledge of the ways of Soviet diplomacy as the Finns. A political observer permanently stationed in Finland would have an unrivalled opportunity of reporting at first hand on the spectacle of an independent David living on uneasy terms with his neighbour, Goliath. Mr. Stone has, for example, sent us a most interesting despatch (Finland Despatch No. 67 of December 21, 1950) on what he terms the paradoxes of Finnish neutrality and Finnish independence which he relates to Swedish neutrality. The excellence of the reporting on Finnish affairs makes us regret its relative infrequency.

4. The present coalition government is having great difficulty with the economic situation of the country as we learn from newspaper articles but not from our representatives in Stockholm. The latter obviously cannot look after all the work of the Canadian Legation in Sweden and do a good job of reporting from afar on the affairs of Finland, a country with more than half the population of Sweden, a difficult economic situation and a complex political life.

5. There can be no question that the Finns would welcome Canadian representation in their country. Mr. Stone does not exaggerate when he speaks of the "deep desire on the part of the Finns that we should as soon as possible open a permanent legation in their capital". The presence of the Western Allies in Berlin has enabled Germans there to give the most encouraging proof of their desire to line up with the forces of democracy; it has also given the Allies a foothold behind the Iron Curtain. A permanent Canadian representation in Helsinki would encourage the Finns, who live on one of the frontiers of the Atlantic Pact, and would give us a useful listening post near the Soviet Union in a country where the relations of the national Communist party to the Soviet Union are of an unusually interesting nature.

6. It is, therefore, recommended that in any plans for the expansion of Canadian representation abroad the claims of Finland should be given favourable consideration.

R.E. COLLINS

DEA/232-AU-40

9.

Note du ministre en Suède
pour le secrétaire d'État aux Affaires extérieures[6]

Memorandum from Minister in Sweden
to Secretary of State for External Affairs[6]

CONFIDENTIAL [Stockholm], July 13, 1951

OPENING OF A LEGATION OFFICE IN FINLAND

The various Sections of the Legation have sent me memoranda on this question as you requested. The following paragraphs give an outline of them, and also of some consular and political considerations which occurred to me.

2. *The Visa Section*, as you know, has been pressing hard for an office in Helsinki for two or three months now. Mr. Knowles' attached memorandum† is worth reading in full, as his is certainly the most important part of the problem. The following main points emerge from it:

(a) The Visa Section is now issuing more visas to Finns than to all other nationals combined. Nearly 53% of the 940 visas issued in June went to Finns, compared to 31% in May, 19% in April, and 6% back in January. Over two-thirds of outstanding applications now are from Finns. This means that the proportion of visas issued to Finns may reach 65% before levelling off.

(b) To handle this large Finnish business the Visa Section has to use roster doctors in Helsinki for medical examinations and the British Legation there for security screening. Roster doctors are never entirely satisfactory, and we must be imposing rather a lot on the British.

(c) Serious hardships are too often caused to Finns because they must come to Stockholm finally to get their visas. After they have received medical and security clearance in Helsinki they are called over here for visa examination. Before coming they very often sell their homes and possessions in Finland and buy their tickets for Canada. Sometimes it happens that visas must be refused after the examination here. It is then usually too late for the applicants to claim reimbursement of their tickets or to regain possession of their property in Finland. More serious hardships are caused when the applicants come to Stockholm with their entire families, despite instructions that the head of the family must go to Canada in advance. You will remember that Mr. Solanko of the Finnish Foreign Office drew this to your notice when you were in Finland last month.

(d) Quite often Mr. Knowles has taken it upon himself, when these more serious hardship cases arise, to issue visas contrary to regulations. He has explained to his Department that these problems can only be solved by opening an office in Helsinki, and that until then he feels he must interpret the regulations rather according to the spirit than the letter. But this of course is not entirely satisfactory.

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[6] Note marginale :/Marginal note:
Mr. Moran. This is the Stockholm memo[randum] A.D.P.H[eeney] Aug 7.

3. *The Commercial Section* feels that trade possibilities between Canada and Finland would not justify the posting of a full time Commercial Secretary in Helsinki. But Mr. Bachand considers that it would be helpful to have a Canadian mission there which could from time to time make commercial inquiries, promote the Canadian International Trade Fair, and help Canadian business visitors. At present he has to call upon the British Commercial Secretary for assistance, particularly for inquiries regarding the end-use of Canadian exports to Finland.

4. *Service Attachés.* Group Captain Rutledge does not consider it necessary to have a full time Service Attaché in Helsinki, in view of the small size of the Finnish armed forces, the limited usefulness of Helsinki as a listening post, and the fact that JIB inquiries are being adequately made by others. He adds, however, that the opening of an office in Finland would, of course, help the Service Attachés from Stockholm on their periodic visits over there.

5. *Consular Section.* We do our best to handle citizenship and passport cases in Finland from here. But often Canadian citizens in Finland take their troubles to the British Consul in the first instance, or we ourselves are obliged to invite his help at some stage in certain cases. The British Consul maintains a register of Canadian citizens and the responsibility for consular protection in the event of an emergency would fall on him.

6. *Chancery.* These are some political considerations that occur to me:

(a) We want to give Finland every support in maintaining its place in the western democratic system.

(b) We would be better able from Helsinki to convince Canadians that Finland *is* part of that system and is not behind the iron curtain.

(c) We should have a political officer in Helsinki to give political guidance to the Visa Section if one is opened there, and to the Commercial Secretary and Service Attachés on their visits.

(d) Eventually we must face up to the necessity of reciprocating the presence of a Finnish diplomatic mission in Ottawa.

T.A. S[TONE]

10. DEA/232-AU-40

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

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

[Ottawa], August 7, 1951

The Minister said to me yesterday that he was satisfied that there was a need to open an office in Helsinki.

This could be under a junior officer to whom would be attached the Immigration staff. Apparently Stone has done a memorandum on this.

Mr. Pearson feels the case is a strong one.

A.D.P. HEENEY

PCO

11.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 323-51 Ottawa, December 15, 1951

SECRET

ESTABLISHMENT OF A PERMANENT OFFICE IN FINLAND

1. Diplomatic relations between Canada and Finland were established in 1947 with the opening of a Finnish Legation in Ottawa. At that time, the Finnish Government was informed that Canada could not immediately reciprocate owing to lack of trained personnel. The Finnish Government, therefore, accepted our suggested alternative that the Canadian Minister to Sweden, when appointed, should also be accredited to Finland. Accordingly, in September, 1949, Mr. T.A. Stone presented his credentials as the first Canadian Minister to Finland and has represented us there from time to time. This arrangement, however, has not proved too satisfactory.

2. Finland is the only Scandinavian state in Europe where Canada has no resident representative. That this matter is of some concern to the Finnish Government is evident from the frequency with which the Finnish Minister in Ottawa has raised the question of permanent Canadian representation in Helsinki. To open a permanent office in that country, therefore, would be a gesture which would be appreciated by the Finns and would be interpreted by them as an indication of Canada's recognition of and continued support for Finnish independence.

3. The Service Attachés in Sweden are also accredited to Finland. The Assistant Military Attaché particularly makes visits to Finland from time to time. The establishment of an office in Finland would facilitate the work of these Attachés and would make possible the permanent stationing of an Attaché in Finland should the Department of National Defence wish to improve its arrangements for information on Finland.

4. It is considered that the most economical way of meeting the needs of the various Canadian Government agencies which must carry out business in Finland and of satisfying the wishes of the Finnish Government would be by opening an office in Helsinki under the direction of a diplomatic officer resident there. This officer would be Chargé d'Affaires in the absence of the Head of Post who normally would continue to reside in Stockholm, but who would remain accredited as the Canadian Minister to Finland, visiting that country from time to time.

5. It is therefore recommended that:

(a) A permanent Canadian office be established in Helsinki under the direction of a resident diplomatic officer;

(b) The Canadian Minister to Sweden continue as Head of the Canadian mission to Finland; the resident diplomatic officer supervise the office as Chargé d'Affaires;

c) This Department be authorized to increase its establishment to provide the necessary additional supporting staff which will result from this change in Canada's representation in Finland and to provide in its Estimates for the expenses of maintaining this office.[7]

L.B. PEARSON

SECTION B

PORTUGAL

12. DEA/1720-40

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

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

[Ottawa], September 28, 1951

I should have told you before this that during the North Atlantic Council meeting[8] I had two discussions with the Portuguese Foreign Minister on the question of an exchange of diplomatic representatives. He felt very strongly that it was unnatural and unfortunate that Portugal alone of the North Atlantic countries should have no diplomatic representative in Ottawa. I told him that I reciprocated his feelings, but that our difficulties at the moment were financial; that we were concentrating everything at the moment on our defence programme. This argument did not impress him very much, any more than it impressed me! I added that I hoped that before long the situation would change and that there would be an exchange of diplomatic representatives.

2. I have mentioned this matter to the Prime Minister, who feels that we should take steps soon to convert our Consulate into a Legation (the Portuguese do not wish an Embassy) and to receive a Portuguese Minister here.

L.B. P[EARSON]

[7] Approuvé par le Cabinet le 20 décembre 1951./Approved by Cabinet, December 20, 1951.
[8] Voir le document 476./See Document 476.

13. DEA/9233-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Head, European Division, to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 8, 1951

CANADIAN REPRESENTATION IN PORTUGAL

Attached is a copy of Despatch No. 36 of October 26th from the Acting Consul General in Lisbon, reporting recent pressure tactics employed by the Portuguese Ministry of Foreign Affairs, which would appear to be designed to hasten our decision on diplomatic representation at Lisbon. According to Mr. Glass, the Secretary General has informed him that the present *modus operandi* could not under any circumstances continue, since it is against all diplomatic tradition and procedure, and that while matters presently outstanding, particularly the Visa Modification Agreement, could be carried to a conclusion by the Consulate, thereafter another channel would have to be used.

2. Mr. Glass requests our instructions as to future communications with the Portuguese authorities and asks whether, until more permanent means are decided upon, use should be made of the British Embassy.

3. It is unfortunate that this rather crude manoeuvre should have occurred at just this time, since the Portuguese authorities may get the impression, if a favourable decision is made in the near future on diplomatic representation in Portugal, that it was in some way related to their virtual ultimatum. With reference to the request for instructions, I assume that it would be best to delay a reply until we see whether a Cabinet decision is likely to be forthcoming in the near future. If the decision is not unduly delayed, and is favourable, I should imagine that the Portuguese Ministry of Foreign Affairs might be persuaded to hold their fire in view of the impending regularization of our position in Lisbon.[9]

J.B.C. W[ATKINS]

[9] Note marginale :/Marginal note:
Agree. Submission has gone to Cabinet for authority to change status of our Consulate General to diplomatic mission & accredit [William F.A.] Turgeon. H.O.M[oran].

[PIÈCE JOINTE/ENCLOSURE]

Le consul général par intérim au Portugal
au secrétaire d'État aux Affaires extérieures

Acting Consul General in Portugal
to Secretary of State for External Affairs

DESPATCH 36 [Lisbon], October 26, 1951

CONFIDENTIAL

CANADIAN REPRESENTATION IN PORTUGAL

Yesterday, the Count of Tovar, Secretary General of the Portuguese Ministry of Foreign Affairs requested my presence at the Ministry. Upon arriving there I learned that he wished to discuss the question of Canada's representation in Portugal.

2. He commenced by saying that for some time past Portugal had been most desirous of entering into formal diplomatic relations with Canada which desire had been intensified since both countries are members of NATO. He said that Mr. Paulo Cunha, Portuguese Minister of Foreign Affairs had, when in Ottawa attending the NATO Conference, broached the subject with the Canadian Authorities and had been promised consideration and an early decision. He is disappointed that no reply has yet been received.

3. Count Tovar then said that the present *modus operandi* could not under any circumstances continue; that to give to a Consul access to the Ministry of Foreign Affairs and to accept from him communications from his Government was against all diplomatic tradition and procedure. He assured me that there was nothing personal in the decision, that indeed the contacts had been both pleasant and, he admitted, convenient but the Portuguese Government was determined to revert to a strictly formal Diplomatic relationship. He stated that so far as he was aware there had never been a parallel in the history of Portugal and certainly never had such privileges been extended to a Consul as I have enjoyed during the past four years. He also said that Portugal could not remain in such an anomalous position in the face of the decision taken by the Vatican concerning Mr. Marion Taylor and the refusal to give recognition to a new Personal Representative of Mr. Truman.

4. I reminded him that the Portuguese Consul in Montreal enjoyed facilities at least the equivalent of mine and pointed out also that with the ever increasing number of international bodies on which Canada is represented there was difficulty in finding trained senior officers to fill existing diplomatic posts. His reply was that the Portuguese Government did not wish to create any difficulties nor to place obstacles in the way of intercourse between the two Governments and would gladly accept any means of communication Canada might adopt providing such means follow the traditional channels of diplomacy.

5. Count Tovar also referred to our request for "the usual courtesies and privileges" on behalf of Mr. Birkett, Canadian Government Trade Commissioner in Johannesburg, whose territory includes Mozambique. This was the subject of my

Note† to the Ministry of the 22nd of January of this year and to which no reply has been received. He said that Portugal did not and could not officially recognize these hitherto unknown titles particularly as normal practice was to appoint Consuls. I explained the development and functions of Trade Commissioners and mentioned their acceptance in various countries including Spain where the Trade Commissioner enjoys full diplomatic regalia. His reply was that it was up to each country to decide but that Portugal was determined to follow traditional diplomatic procedure.

6. He agreed that matters presently outstanding, particularly the Visa Modification Agreement, could be carried to conclusion by the Consulate but thereafter another channel would have to be used.

7. You may recall that in my annual reports I have more than once referred to the nature of our relationship with the Ministry for Foreign Affairs and sounded a note of warning that it might one day come to an end as it was so entirely foreign to the Portuguese who are the very breath of Protocol.

8. I would appreciate your instructions as to future communications with the Portuguese Authorities and if, until more permanent means are decided upon, I should make use of the British Embassy.

LESTER S. GLASS

14. 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. 300-51 Ottawa, November 12, 1951

SECRET

DIPLOMATIC REPRESENTATION IN PORTUGAL

1. Canada has had since December 1945 a Consulate-General in Lisbon, Portugal, under the supervision of a Trade Commissioner, who has had the designation of Acting Consul-General. Since October 1947, Portugal has been represented in Canada by a Consul-General in Montreal. Portugal proposed an exchange of diplomatic missions early in 1947, but was informed that, because of shortages of trained personnel, Canada would not be able to act upon the suggestion. During the recent North Atlantic Council Meeting in Ottawa, the Portuguese Foreign Minister urged that Canada and Portugal proceed to an early exchange of diplomatic missions. A similar and more recent approach has been made to the Acting Consul-General by the Secretary-General of the Portuguese Ministry of Foreign Affairs.

2. In evaluating the importance of establishing some form of diplomatic representation in Portugal, primary consideration should be given to the fact that Portugal is the only one of the North Atlantic Treaty nations with which Canada has not exchanged diplomatic representatives. On political grounds, therefore, it would

seem advisable that this renewed request of the Government of Portugal be met as soon as possible.

3. From a point of view of commerce, the preservation and development of the Portuguese market for Canadian fish and other natural products is of considerable importance. Our Acting Consul-General and Trade Commissioner has stated on a number of occasions that he has been handicapped in his trade promotion work because of his non-diplomatic status.

4. It is, therefore, recommended that:

(i) the status of the Canadian Consulate-General in Lisbon be raised to that of a diplomatic mission;

(ii) the Canadian Ambassador to Ireland be also appointed and accredited Head of the Canadian Mission in Portugal. If this recommendation is approved, it would be the intention to have the Canadian Ambassador to Ireland spend three or four months in a year in Portugal. During the absence of the Head of Mission, it is proposed that, for the present, the office remain under the supervision of the Trade Commissioner. It is thought that this arrangement will satisfactorily meet the wishes of the Portuguese Government while at the same time providing us with adequate diplomatic representation at minimum cost in money and personnel;

(iii) this Department be authorized, to increase its establishment to provide the necessary additional supporting staff which will result from this change in Canada's representation in Portugal, and to provide in its Estimates for the expenses of maintaining this office.[10]

BROOKE CLAXTON
for Secretary of State
for External Affairs

SECTION C

YOUGOSLAVIE
YUGOSLAVIA

15. PCO/Vol. 142

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], June 27, 1951

APPOINTMENT OF AMBASSADOR TO YUGOSLAVIA

Some time ago my Minister spoke to you of his intention to recommend appointment to Belgrade of our present Ambassador to Brazil, Scott Macdonald. At

[10] Approuvé par le Cabinet le 15 novembre 1951/Approved by Cabinet, November 15, 1951.

the time the appointment was made (in accordance with our practice of assimilating wherever possible the title and status of all our Heads of Mission) the Canadian Legation in Belgrade and the Yugoslav Legation in Ottawa would become Embassies.

All of the preliminary arrangements and formalities having now been completed it is desired to announce Macdonald's appointment. Macdonald is leaving Brazil in the first week of July and will proceed to Belgrade in September.

Would you be good enough to mention the appointment in Cabinet in the next day or two so that announcement may be made immediately thereafter.[11] [12]

A.D.P. H[EENEY]

3e PARTIE/PART 3

PASSEPORTS POUR LES COMMUNISTES
PASSPORTS FOR COMMUNISTS

PCO

16.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 24, 1951

. . .

SECURITY; POSSIBLE MEASURES IN CONNECTION WITH CITIZENSHIP, IMMIGRATION AND TRAVEL

28. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of November 22nd, 1950, said that an interdepartmental committee had been considering possible measures that might be taken, if desired, to deal with Communists and Communist sympathizers so far as citizenship, immigration and travel were concerned. With regard to naturalization, the committee thought that no change in policy was necessary but that in a public statement it be made clear that citizenship would not be granted to Communists or Communist sympathizers. The committee recommended that there be a discretionary power to revoke the citizenship of naturalized Canadians for residence of two years (rather than six) in the country of which the naturalized person was formerly a national, and that the provision for revocation on grounds of disaffection or disloyalty be broadened. It was also recommended that revocation of citizenship be possible for all categories of citizens, whether by birth or naturalization, in cases where there had been an oath or affirmation or other formal declaration of allegiance to a foreign state. These recommendations appeared to be desirable. So far as disaffection and disloyalty were concerned, it would not be desirable to leave it entirely to the discretion of the

[11] Note marginale :/Marginal note:
Agreed. [L.] St. L[aurent]

[12] Approuvé par le Cabinet le 27 juin 1951./Approved by Cabinet, June 27, 1951.

Minister to determine whether a person in Canada had been disloyal or disaffected. It would be desirable to provide, in the case of persons in Canada, that revocation take place only after conviction by a court of law for sedition, espionage, treason or any other offence involving disaffection or disloyalty. This would be broader than the present provision.

With regard to immigration entry and deportation there would be provisions included in amending legislation that would be presented for introduction at the forthcoming session. The policy on immigration entry appeared sufficiently strict at present but the statutory provisions needed amendment. As to deportation, the difficulties of carrying it out had to be considered and it appeared that the recommendations of the committee might be somewhat too broad.

29. *The Secretary of State for External Affairs* pointed out that the committee made a number of recommendations concerning travel to the U.S.S.R. and satellite countries. It would be useful if these could be examined by members of the Cabinet and considered at a later meeting. As to the form of passports, it was recommended that the "prayer for safe conduct" be deleted. This appeared to be desirable.

An explanatory memorandum was circulated.

(Memorandum, Secretary to the Cabinet, Jan. 23 — Cab. Doc. 24-51)†

30. *The Cabinet*, after discussion, noted the comments of the Minister of Citizenship and Immigration and the Secretary of State for External Affairs concerning suggested measures directed at Communists in connection with citizenship, immigration and travel, and agreed:

(a) that draft legislation be prepared for amendment of the Canadian Citizenship Act and the Immigration Act along the lines indicated by the Minister of Citizenship and Immigration, the legislation to be considered at a subsequent meeting;

(b) that the Department of External Affairs consider what revision of the form of Canadian passports would be desirable to eliminate the "prayer for safe conduct" and to take into account the amendments to be made to the Citizenship Act; and

(c) that consideration be given at a subsequent meeting to proposals relating to travel to the U.S.S.R. and satellite countries.

...

17. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 8, 1951

...

TRAVEL BY CANADIAN COMMUNISTS

5. *The Secretary of State for External Affairs*, referring to the discussions at the meeting on January 24th, 1951, said that, in consultation with other interested authorities, his department had given further consideration to possible restrictions

on travel by Canadian communists. It was now considered that to refuse passports to a list of communists which might be regarded as a list of those likely to be interned in the event of war would not in fact prevent their reaching the Soviet Union and satellite countries, would indicate to the communist organization which persons are earmarked for internment, and would involve a new principle that was open to objections. Again, to require communists to secure a permit to travel behind the "iron curtain" would be embarrassing since it would result in their travelling with express permission of the government. It therefore appeared that the disadvantages of taking action directed specifically at the travel of communists would outweigh the advantages.

It seemed desirable, however, to take steps which would permit the government to keep itself informed of movements of Canadian communists. To this end, he recommended that the passport regulations be revised to require all holders of Canadian passports, before travelling to the U.S.S.R. or satellite countries, to inform the Department of External Affairs of their intention to undertake such travel and of the length and purpose of their visit and, upon entry to such countries, to give notice to the Canadian, or if appropriate, United Kingdom diplomatic mission of their arrival and, later, of their intention to depart. The regulations might provide that the penalty for non-compliance with these procedures would be cancellation of the passports of offenders. Such regulations, by requiring communist travellers to indicate their movements, might inhibit their freedom of action to some extent. The new requirement could be explained as designed to make it easier for the government to give diplomatic protection to Canadian travellers in the countries in question.

It would also be advantageous to take further administrative action whereby the R.C.M. Police would notify the security authorities of a friendly country whenever they learned that a Canadian communist was planning to visit such a country. This would enable the authorities of that country to refuse entry to the traveller.

The proposal to remove from Canadian passports the present "prayer for safe conduct" in the name of the King was under discussion with the U.K. authorities.

(External Affairs memorandum to Minister, March 7, 1951)†

6. *The Prime Minister* thought that the proposed arrangement for notification of security authorities in friendly countries of travel by known communists should be reciprocal.

7. *The Cabinet*, after further discussion:

(a) approved in principle the proposals of the Secretary of State for External Affairs for the revision of the passport regulations with a view to enabling the government to keep itself informed of the travel of Canadian communists to the Soviet Union and satellite countries, it being understood that, when drafted, the proposed regulations would be submitted for consideration;

(b) approved the Minister's proposal for notification, to the security authorities of friendly countries, of expected visits of Canadian communists, on the understanding that this arrangement would be reciprocal; and,

(c) noted the Minister's report that the question of the removal from Canadian passports of the present "prayer for safe conduct" was under discussion with the United Kingdom.

. . .

18. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 24, 1951

. . .

CANADIAN PASSPORT REGULATIONS: ARTICLE RE TRAVEL TO U.S.S.R. AND SATELLITE COUNTRIES IN EUROPE

11. *The Secretary of State for External Affairs*, referring to the discussion at the meeting on March 8th, 1951, when approval in principle had been given to modification of the passport regulations to enable the government to keep itself informed of the travel of Canadian communists to the Soviet Union and satellite countries in Europe, submitted for approval a draft article for inclusion in these regulations. This had been drafted on the lines contemplated at the earlier meeting and included provision for a notice to travellers regarding such visits. The U.K. Foreign Office had indicated that it was prepared to have its posts abroad provide information that came to their attention with regard to Canadians visiting these countries.

An explanatory memorandum was circulated.

(Minister's memorandum, May 22, 1951 — Cab. Doc. 151-51)†

12. *The Cabinet*, after discussion, approved for inclusion in the Canadian Passport Regulations, as proposed by the Secretary of State for External Affairs, the text of an article which would enable the government to keep itself informed of travel by holders of Canadian passports to the Soviet Union and satellite countries in Europe, and agreed that this article be published in the *Canada Gazette* and that copies of the notice to travellers, referred to in the article, be given to all applicants for passport facilities.[13]

. . .

[13] Publié dans *Gazette du Canada*, le 30 juin 1951, Ottawa : Imprimeur du Roi, 1951, p. 1817.
Published in *Canada Gazette*, June 30, 1951, Ottawa: King's Printer, 1951, p. 1781.

CHAPITRE II/CHAPTER II
CONFLIT CORÉEN
KOREAN CONFLICT

PREMIÈRE PARTIE/PART 1
COMITÉ DU CESSEZ-LE-FEU
CEASE-FIRE COMMITTEE

19. 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 5 New York, January 4, 1951

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 4.

KOREA

1. The Political Committee of the General Assembly met yesterday (3 January) at 10.45 a.m. and received the report of the Cease-Fire Group[1] which was presented by Sir Benegal Rau.[2] In an air-mail letter yesterday to the Under-Secretary I am sending a copy of this report. After hearing the report and after some debate, the Political Committee adjourned for forty-eight hours until 10.45 a.m., Friday, 5th January.

2. Prior to the meeting of the Political Committee the Cease-Fire Group held an informal meeting with the United States delegation, at the request of the latter. In reply to a question from Gross, the members of the Group informed him that their report would be of a purely factual nature and would not contain recommendations. Gross then said that he understood Austin would wish to speak at the meeting of the political Committee. In the opinion of the United States delegation it would be insufficient for the Political Committee merely to meet, receive a report of failure from the Cease-Fire Group, and then adjourn without any discussion. The United States delegation considered this would be inadequate in view of the all-out Chi-

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[1] Au sujet des activités du Comité du cessez-le-feu, voir aussi/On the activities of the Cease-Fire Committee, see also L.B. Pearson, *Mike: The Memoirs of the Rt. Hon. Lester B. Pearson, Volume II: 1948-1957*, Toronto: University of Toronto Press, 1973, pp. 279-314.

[2] Voir Canada, ministère des Affaires extérieures, *Documents sur la Crise coréenne*, Ottawa : Imprimeur du Roi, 1951, pp. 21-31.
See Canada, Department of External Affairs, *Documents on the Korean Crisis*, Ottawa: King's Printer, 1951, pp. 19-28.

nese attack now taking place below the 38th Parallel. Gross said that Austin's statement would be short and of a general nature, and would emphasize the gravity of the situation and the necessity for unity within the free world. The members of the Group indicated that they did not consider that they were in a position to dissuade any delegation from speaking on their report if such a delegation were ready to do so.

3. When the meeting of the Political Committee opened the first speaker was Rau, who read out the report of the Cease-Fire Group. He emphasized the purely factual nature of the report. He also stressed that, despite this initial failure, the United Nations must continue to make every effort to bring about an end of the hostilities.

4. The next speaker was Malik, who made a vituperative propaganda attack on the United States in which he repeated all the former Soviet allegations regarding United States aggression in Korea and the atrocities committed by the United States forces as well as the "Syngman Rhee hangmen". He also remarked that the people of Western Europe, as well as the people of Asia, must now realize that they were only regarded as cannon fodder by the United States militarists. He concluded by proposing that the First Committee should see a film concerning alleged United States atrocities in Korea which was in the possession of the Soviet delegation.

5. Austin replied in a generally restrained and dignified manner, considering the provocation given him by Malik. He commended the efforts of the Cease-Fire Group. He said that the constant ignoring and rebuffing of these efforts by the Chinese Communists left no doubt as to where the blame lay for the failure to reach a cease-fire. He said that the large-scale offensive across the 38th Parallel being undertaken by the Chinese Communist forces "compounds the original aggression" and that the free world must consider what the next step should be, in view of this new situation. He emphasized that the United Nations must demonstrate that the free world was united in resisting aggression, and that the United Nations troops must remain in Korea. He also said, however, that the door should be held open for every attempt to find an "honourable solution". He concluded by saying that the Committee should adjourn for a short period to permit representatives time to study the Cease-Fire Group's report and in order to allow consultation in an atmosphere of "fresh air" as distinct from the "polluted atmosphere" created by Malik's statement.

6. The Norwegian representative, Sunde, then asked the Cease-Fire Group whether they had given consideration to the formulation of principles underlying the negotiation of outstanding issues, which could be put into effect if a cease-fire were achieved. This intervention by Sunde was really an "arranged question", as the members of the Cease-Fire Group had asked him, prior to the meeting, to address such a question to them.

7. Mr. Pearson then replied on behalf of the Cease-Fire Group and assured the Committee that the Group had given serious consideration to the formulation of such principles. He emphasized, however, that the cease-fire must come first, before any such principles could be acted upon. He said that at a later stage the

Cease-Fire Group might be able to inform the Committee of their views on these principles for negotiation, but that they were not at present in a position to do so.

8. Jebb then made a short intervention in reply to Malik and also moved the adjournment of the Committee for a period of forty-eight hours in order to allow representatives time to study the Cease-Fire Group's report. After a short discussion this motion for adjournment was adopted by a vote of 46 in favour, 5 against, and 7 abstentions. The Soviet bloc opposed the motion, claiming that the Committee should take up the previously submitted Soviet resolution on this question. Mr. Pearson abstained on the motion, as did the other members of the Cease-Fire Group.

9. A report on negotiations preceding the meeting is being given in separate telegrams from Mr. Pearson.

20. 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 6 New York, January 4, 1951

SECRET. IMPORTANT.

Repeat Washington No. 5.

CEASE FIRE FOR KOREA

Following from Pearson, Begins: I met with Entezam and Rau on Tuesday, both morning and afternoon, to put in final form the report of the Cease Fire Group. A copy of the report as finally presented has been sent to you by airmail. In preparing the final draft, I was anxious to incorporate wording which would indicate that the Cease Fire Group regarded as a satisfactory basis for discussion the suggestions which had been put forward by the Unified Command. I wished also to have the report make clear the fact that responsibility for our inability to make a recommendation rested with the Chinese authorities in Peking. On both these points Rau was cooperative. Although, in the end, the wording which he was prepared to accept in regard to the second point was not as strong as I proposed, I think the object I had in mind has been secured.

2. During our meeting in the morning, we agreed on all parts of the report except the concluding paragraph. When we came to consider the last paragraph, Rau said that he wished to report on conversations he had had during the week-end with Malik of the U.S.S.R. and with Gross. As a result of a meeting of Asian states, he and Fawzi Bey had called on Malik to determine if possible the attitude of the

Soviet delegation to the second Asian resolution.[3] He said they had been received with the customary Soviet statements about American imperialist aggression, but in the end Malik had not said clearly that the Soviet delegation would oppose a resolution along the lines of the second Asian resolution. As a result of his conversation with Gross, who had indicated again the extent to which the United States was prepared to go in committing itself to the general terms of a Far Eastern settlement, Rau had considered the possibility of preparing a statement of principles on which a settlement might be based, in which both sides could acquiesce, and which might be added to the report of the Cease Fire Group. The text of these principles, in a revised form, is given in my immediately following teletype. As Rau first showed them to us, they were at some points dangerously ambiguous, and they were also based rather too obviously on the assumption that large scale fighting would not be renewed in Korea.

3. I told Rau that, provided it was made clear that the Group realized the imminence of renewed fighting in Korea, and the effect that a new Chinese offensive would have on all proposals for a cease fire and subsequent negotiation, and subject to some revision in the language, I thought there might be a good deal of merit in his suggestion. It was agreed that during the lunch-hour, I should sound out the Americans, and that I should also do some work on the text of Rau's statement of principles.

4. I saw Gross and Ross during lunch and showed them a copy of the draft report as it stood. I also gave them the opportunity to comment on the draft, and two or three suggestions they made were subsequently incorporated. I then discussed with them the question of tactics and found them apparently genuinely concerned on the one hand to keep the way open for a negotiated settlement in the Far East, without on the other rendering ineffective the principles of collective security. I then raised with them the question of attaching a statement of principles which might underlie a settlement once a cease fire had been agreed upon, along the lines which had been discussed by the Group in the morning. I indicated the points which it was thought might be included in such a statement, and in some cases suggested the actual wording. I found them quite receptive to this idea, and subject to certain revisions, they thought the proposal might be helpful.

5. When the Cease Fire Group met again in the afternoon, we revised the proposed statement of principles and agreed upon an introductory passage indicating that the principles would have to be considered in the light of the military situation. At this point Rau said that he could not agree to adding the statement of principles to the report without consulting his Government. Since Mr. Nehru was in the air en route to London, it would be impossible for him to get instructions before the First Committee met on Wednesday. We therefore had to agree to submit the report with-

[3] La seconde résolution sur l'Asie (Document de l'ONU, A/C.1/642) ne faisait pas mention d'un cessez-le-feu en Corée, mais demandait la tenue d'une conférence des pays intéressés afin de trouver un règlement pacifique aux conflits de l'Extrême-Orient, conformément aux principes des Nations Unies.

The second Asian resolution (U.N. Document A/C.1/642) did not mention a cease-fire in Korea, but called for a conference of interested nations to seek a peaceful settlement of the issues in the Far East in accordance with U.N. purposes and principles.

out referring the proposed statement of principles, but Rau said that he might be in a position to subscribe to them at a later stage in the discussion.

6. Partly as a result of discussions on Tuesday evening with representatives of smaller states contributing to the United Nations effort in Korea, reported on in a separate telegram, I was able to carry one stage further the suggestion for a statement of principles when the Political Committee met Wednesday morning. I arranged with Sunde of Norway to ask whether, during its consideration of a cease fire, the Group had given any consideration to the principles which might underlie negotiations for a settlement following a cease fire. I had already agreed with Rau that in reply to such a question, I could indicate that some consideration had been given to such principles, and that the Group might be prepared at a later stage to suggest them if they still seemed relevant in the light of the situation in Korea. I had also gone over the revised statement of principles with Gross. I consequently replied to Sunde's question in the manner indicated, and matters were left in this position when the Political Committee adjourned until Friday afternoon.

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

21. 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 7 New York, January 4, 1951

SECRET. IMPORTANT.

Repeat Washington No. 6.

CEASE FIRE FOR KOREA

Following from Pearson, Begins: With reference to my immediately preceding teletype, the following is the text of statement of principles, text begins:

In preparing its report, the Group recognized that the situation in Korea might quickly change in such a manner that further consideration of a cease-fire in the immediate future would be impracticable. Nevertheless, it seems worthwhile to state or re-state certain principles for the peaceful settlement of the Korean question.

1. The object of a cease-fire is to prevent needless destruction of life and property while other steps are being taken to restore peace. No cease fire arrangement can be called satisfactory unless it contains adequate safeguards for securing that it will not be used for mounting a new offensive.

2. If a cease fire occurs in Korea as a result of a formal arrangement or, indeed, as a result of a lull in hostilities pending some such arrangement, advantage should be taken of it to pursue consideration of the further steps to be taken for the restoration of peace.

3. The General Assembly has already decided, unanimously, that Korea is to be a unified, independent, democratic sovereign state with a constitution and a Government based on free popular election.

4. This will necessitate the withdrawal by appropriate stages of all armed forces from Korea and the creation by the United Nations of machinery whereby the Korean people can express their own free will.

5. Interim arrangements by the United Nations for the administration of Korea and the maintenance of peace and security therein will be necessary pending the establishment of the new Government.

6. The Governments of the U.S.A. and the United Kingdom have already announced (December 8th, 1950) that they would seek, with the Soviet and Peking Governments, through whatever channels that may be open to them a peaceful settlement of existing issues.[4] The General Assembly might therefore set up an appropriate body, including the representatives of these four Governments, to make

[4] Voir/See: *Public Papers of the Presidents of the United States: Harry S. Truman, 1951*, Washington: U.S. Government Printing Office, 1965, pp. 738-740.

recommendations for the carrying out of the above purposes and for the peaceful settlement of all other existing issues affecting the Far East. Text ends. Ends.

22. 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 8 New York, January 4, 1951

SECRET. IMPORTANT.

Repeat Washington No. 7.

CEASE FIRE FOR KOREA

Following from Pearson, Begins: At dinner Tuesday evening in the Canadian Club, I met informally the representatives of a number of smaller states which have made actual contributions to the United Nations effort in Korea. Besides Riddell and myself, the following were present: Sunde of Norway, Kyrou of Greece, Shann of Australia, Sarper of Turkey, Langenhove of Belgium, Grafstrom of Sweden, Berendsen of New Zealand, Lopez of the Philippines, Jooste of South Africa, Von Balluseck of the Netherlands. Prince Wan of Thailand was invited but could not accept, and we were unable to get in touch with his alternate here.

2. This occasion had the very good effect of bringing up to date on recent developments a group of representatives who quite rightly feel that their countries have a considerable stake in the Korean operation and who have been somewhat neglected in recent consultations. I told them quite frankly that I thought they had a good deal more interest in a cease fire than some representatives who recently had come forward as negotiators, and that I was very conscious of the desirability of keeping them adequately informed. I gave them a full account of our report, of the negotiations which had accompanied it, and of the United States position vis-à-vis the Cease Fire Group in regard to the situation which would develop following the submission of our report. They seemed to appreciate this very much.

3. The discussion was very free and prolonged, and I had the feeling that a good deal of suppressed emotion amongst the group present was finding release. In general, opinion seemed on the surface to vary widely from Berendsen at the one extreme who took a strong line against any hint of appeasement, and said it would be preferable to be driven in defeat from Korea than to compromise with the international criminal, to Sunde who said that, if the Chinese would make it possible to hold honest elections in Korea no matter what the result, he would be prepared to accept the Peking regime as representing China at United Nations. Beneath these divergencies, however, there was a wide measure of agreement on the necessity of reconciling as far as possible the following objectives:

(a) A war with China must be avoided;

(b) Before proceeding to charge Communist China with aggression, as many people as possible must be convinced that no reasonable chance remains of settlement by negotiation. Since whatever effect the condemnation may have will probably derive from its moral force, wide support is essential, especially amongst Asian states;

(c) A full scale offensive in Korea will make it necessary to proceed quickly with a resolution naming the Communist Chinese as aggressors;

(d) If the Chinese are to be named as aggressors, we must have a clear understanding with the Americans as to the consequences in further Assembly action of this step;

(e) As far as possible, the integrity of the collective defence system must be preserved.

4. Towards the end of the evening I gave the group some idea of the proposal for a statement of principles which might underlie negotiations following a cease fire. They showed great interest in this suggestion, which they considered preferable to the second Asian resolution or the Israeli proposal as a method of making concrete the offer to withdraw from Korea and negotiate a settlement of other problems.[5] As a consequence of their interest and encouragement, I made arrangements with Rau and Sunde, referred to in another telegram, to give the Political Committee on Wednesday a suggestion that a statement of principles might be forthcoming. Ends.

23.

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 17

New York, January 5, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 12; London No. 45.

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[5] La résolution provisoire du 2 janvier 1951, présentée par les Israéliens, proposait six étapes (un cessez-le-feu, l'affirmation des objectifs des Nations Unies en Corée, la participation de la Chine aux travaux de la Commission des Nations Unies pour l'unification et le relèvement de la Corée, le retrait progressif des forces non coréennes, le redressement et la reconstruction ainsi qu'une garantie de la Chine et de l'ONU pour la reconstitution d'un État en Corée); par la suite, on étudierait toutes les questions touchant aux relations entre la Chine et les Nations Unies afin d'en venir à un accord en Corée.

The Israeli draft resolution of January 2, 1951 recommended six steps (a cease-fire, the affirmation of U.N. objectives in Korea, participation of the People's Replublic of China (P.R.C.) in the work of the United Nations Commission for Unification and Rehabilitation of Korea, the progressive withdrawal of non-Korean forces, rehabilitation and reconstruction, and a U.N.-P.R.C. guarantee to the reconstituted State of Korea) to be followed by consideration of all questions affecting relations between the P.R.C. and U.N. toward reaching a settlement in Korea.

Voir/See United States, Department of State, *Foreign Relations of the United States (FRUS)*, 1951, Volume VII, Washington: Government Printing Office, 1983, p. 16fn.

Following for Mr. St. Laurent from Pearson, Begins: You will by now have seen my telegrams to Ottawa of January 4th giving an account of the way in which a draft statement of principles concerning a Far Eastern settlement came under consideration in the Cease Fire Group. Current text of this proposed statement is given in my immediately following teletype.

2. United States delegation, which is under great pressure from public opinion here to proceed in United Nations to action of some kind against Chinese Communists, have agreed, though only after considerable persuasion, to concur in an intermediate step along the lines of the draft statement of principles. I have explained to them that the main purpose of statement would be to demonstrate conclusively that offer to settle Far Eastern issues by negotiation was sincere and had been made on unequivocal terms, and they agree that this objective is worth pursuing. It will, however, be difficult for them, in the light of public reaction to events in Korea, to acquiesce in a prolonged delay before proceeding to the next stage in the Political Committee. My own feeling is that it would be unfair to the United States, and indeed inexpedient from every point of view, to delay beyond Monday without either putting forward our statement of principles or, alternatively, admitting that it is impossible for us to do so.

3. For these reasons, I hope that there will not be an effort in London either to hold Political Committee in suspense while the merits of our principles are being scrutinized in detail, or, alternatively, to substitute for them some other course of action. I think quite frankly that the reality of the situation here will make it difficult to delay action of one kind or another beyond Monday. If we try to do so, the United States delegation may be forced to withdraw its agreement to support any intermediate stage, and may proceed at once to a resolution condemning Communist Chinese as aggressors. Ends.

DEA/50069-A-40

24.

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 18 New York, January 5, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 13; London No. 47.

Following for Mr. St. Laurent from Pearson, Begins: Reference my immediately preceding teletype.

Following is copy of current text of proposed statement of principles. Text begins:

"The following stages should be progressively achieved from cease-fire in Korea to a peaceful settlement by discussion and negotiation of Far Eastern problems.

1. Cease-fire in Korea. The object of such a cease-fire is to prevent needless destruction of life and property while other steps are being taken to restore peace. No cease-fire arrangement can be called satisfactory unless it contains adequate safeguards, under United Nations auspices, for securing that it will not be used for mounting a new offensive.

2. If and when a cease-fire occurs in Korea either as a result of a formal arrangement or, indeed, as a result of a lull in hostilities pending some such arrangement, advantage should be taken of it to pursue consideration of the further steps to be taken for the restoration of peace.

3. The General Assembly has already decided, unanimously, that Korea is to be a unified, independent, democratic sovereign State with a constitution and Government based on free popular elections. This will necessitate the withdrawal, by appropriate stages, of all non-Korean armed forces from Korea and the creation *by the United Nations* of machinery whereby the Korean people can express their own free will in respect of their future Government.

4. Pending the completion of the stages referred to in the preceding paragraph, interim arrangements will be made *by the United Nations* for the administration of Korea and the maintenance of peace and security there.

5. The Governments of the United States and the United Kingdom have already announced (on December 8th, 1950) that they would seek with the Soviet and Peking Governments through whatever channel that may be open to them a peaceful settlement of existing issues. The General Assembly should, therefore, set up an appropriate body, which would include the representatives of these four Governments, with a view to achieving such a settlement for issues affecting the Far East." Text ends. Message ends.

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-52 Washington, January 5, 1951

TOP SECRET

Repeat Permdel No. 11.

MILITARY SITUATION IN KOREA

1. At a meeting of Commonwealth Ambassadors at the British Embassy this morning General Sir Neil Ritchie outlined the military situation. His information was derived from Pentagon sources, but he had made some interesting calculations of his own.

2. He said that the best way of estimating the relative strength of the opposing forces was to discard listing them by armies, corps and divisions and to calculate in

term of brigade groups or regimental combat teams. He reckoned that a Korean division (either North or R.O.K.) equalled a combat team. In this way he reached the conclusion that the identified enemy forces now in Korea amounted to 58 brigade groups and the United Nations forces to 35, made up of 22 United States, 9 R.O.K. and 4 others.

3. He went on to say that the diagonal line across the peninsula to which the United Nations forces are retiring was about 130 miles in length as compared with a front of 135 miles in the perimeter protecting Pusan late last summer. On the United Nations side there were now in the forward areas forces equal to 21 brigade groups (10 United States, 2 British, 1 Turk and 8 ROK). There is a strong reserve, mainly composed of the tenth corps, comprising 12 United States brigade groups, 1 ROK and 1 other in effective strength. He spoke particularly highly of the Marine division in the reserve.

4. He commented that fighting since the new attack on January 1st was "a tidy battle" proceeding along pre-determined plans on the United Nations side and with little confusion, except perhaps on the right flank where there is considerable trouble with infiltration.

5. I felt that General Ritchie was not speaking his full mind at the meeting about the prospects. After it Franks told me privately that Ritchie was much more troubled about the prospects than he had appeared to be and considered it doubtful whether any foothold could be retained for long in Korea. He has a high opinion of General Ridgway, but is not impressed by the quality of the subordinate United States commanders or of the bulk of the United States troops in Korea.

6. Franks also told me that he had discussed the military situation with Acheson yesterday on instructions from Bevin, who sought confirmation of the continued intention to make a fighting stand in Korea. Franks mentioned to Acheson the alarmist press reports coming through censorship from Tokyo and inquired whether there was any change in the directive given MacArthur to hold whatever territory he could. Acheson assured him that there has been no change in the directive, but seemed rather troubled about the position, possibly about a different interpretation of the directive by MacArthur from that understood here. While discretion must, of course, be left to the commander to decide what is essential for the safety of his forces, it might be that MacArthur is intending to conduct a fighting retreat ending in evacuation rather than to make a fighting stand. This, however, is wholly speculative.

26. 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 24 New York, January 6, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 15; London No. 55.
Please transmit the following message to the office of the Canadian High Commissioner in the United Kingdom, London, Begins:
Following for Robertson from Pearson, Begins: Re: My telegram No. 17 (to External) of yesterday's date to the Prime Minister.

I am still somewhat mystified by the line taken in London, and which was reported in telegram No. 28[6] (from External). I hope that you are not confusing the second and third stages of the action which may have to be taken here. I quite agree that we should delay as long as possible the third stage, which involves a condemnatory resolution. That is one reason why I thought it was important to get our statement of principles approved as quickly as possible, so that we could then delay matters until time had been given to Peking to consider it. I am convinced, however, that if we delay the second stage much longer, we may be precipitating the third stage, as opinion in the United States and among certain United Nations delegations is getting impatient and demanding action. That demand will have to be met in some form by the United States delegation. Surely the best way to do it is by introducing our resolution on principles, especially as the fact that it will be passed by a very large vote will make united and reasonable action later somewhat easier. Is the difficulty really that Nehru refuses to allow Rau to support any statement of principles here which has not previously been approved in Peking? This interpretation of events was circulating out at Lake Success yesterday, with unfortunate results. If we are to keep the United States in line on the one hand, and Indian and Asian opinion in line on the other, the sooner we reach agreement on a statement of principles and make it public, the better. Bevin's telegram to Jebb does not seem to me to give sufficient weight to the above factors, especially to the impatience and excitability of public opinion here in the face of inaction at Lake Success and heavier fighting in Korea. In any event, the Committee is meeting again on Monday and I feel that something will have to be done then or Tuesday. Your views would be much appreciated.

Incidentally, can you give me some idea of the nature of the new approach which the Prime Ministers are thinking of making to Washington. Ends.

[6] Non retrouvé./Not located.

27. DEA/50069-A-40

Extrait d'un télégramme du représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 27 New York, January 6, 1951

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 17; London No. 58.

KOREA

1. The Political Committee met at 3 p.m. yesterday (5th January) to continue discussion of the report of the Cease-Fire Group. Mr. Pearson was the first speaker and, on behalf of the Group, he said that he regretted that they were not able at the present meeting to submit a statement of principles regarding negotiations following the establishment of a cease-fire. Mr. Pearson stressed that since the last meeting of the Committee, the Group had continued to work on such a statement of principles and hoped to be able to submit a report to the Committee "shortly". Meanwhile, debate in the full Committee might provide the Cease-Fire Group with some further useful ideas. Mr. Pearson also added that the Cease-Fire Group was very conscious that any statement of principles it might draft must not "in any way be disloyal to or be a betrayal of" the principles for which United Nations action was being carried on in Korea.

. . .

28. 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 32 New York, January 6, 1951

TOP SECRET

Repeat Washington No. 20.

Following for Wrong from Pearson, Begins: I find your telegram to External, WA-52 on the military situation in Korea, very disturbing, indeed, especially the suggestion that while the Unified Command have given MacArthur an instruction to hold a line in Korea, MacArthur himself may have given this instruction a different interpretation. I think we have a right to know what the United States military plans are in this regard. I feel strongly about this because if MacArthur has, in fact, started on a plan to withdraw from Korea, our efforts for a cease-fire here become

quite ridiculous. Isn't there any way we can, in fact, find out what the Unified Command's military plans actually are in Korea, and what MacArthur's intentions are in carrying them out?[7] Ends.

29.

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 33

New York, January 7, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 21; London No. 59.

1. At a meeting in the United States delegation offices Saturday afternoon, attended by Gross and Ross of the United States delegation, Chauvel of France, Stabell of Norway, Jebb and Riddell, tactics in First Committee were discussed at some length.

2. Gross, who was under the impression that the Prime Minister's conference had asked formally as a group for postponement of debate on Korea until Friday next, was anxious to know what could be expected in the First Committee at the end of this delay. Jebb, who was speaking from his instructions to insist on postponement, was not able to suggest what might be forthcoming on Friday next, but hoped that alternative proposals to the principles suggested by the Cease Fire Group could be put forward. Jebb did not, at this time, seem to be aware of the nature of the alternative proposals, any more than we were, which left us in a somewhat difficult position.

3. Gross then indicated that he was by no means certain that United States delegation would consent to wait until next Friday before proceeding to the next stage of the procedure in regard to Korea. He said that they had been prepared to vote for the statement of principles if it could have been embodied in a resolution early next week. They were not sure, however, that the advantages of delay would out-weigh the disadvantages, and it might, therefore, be necessary for them to put forward their resolution condemning China some time during the week.

4. Gross then gave an outline of the resolution which they were contemplating, which I think you will find disturbing. He did not give a text, but outline he suggested is as follows.

"General Assembly, noting that the Central People's Government has rejected efforts to bring about a cessation of hostilities and that its armed forces continue their flagrant invasion and large-scale attacks in Korea, and noting that the Security Council has failed to exercise its primary responsibility because of the exercise of

[7] Voir/See United Kingdom, Foreign and Commonwealth Office, *Documents on British Policy Overseas (DBPO)*, Series II, Volume IV, London: Her Majesty's Stationery Office, 1991, pp. 298-299*fn*.8.

the veto, finds that the Central People's Government has flouted United Nations authority and has committed aggression. The General Assembly, therefore, calls on the Central People's Government to cause their forces and nationals to cease hostilities and withdraw from Korea, and calls on all states and authorities to refrain from giving encouragement or assistance to the Central People's Government, and calls on all states and authorities to give to the United Nations every assistance in meeting this aggression, and requests the Collective Measures Committee:

(a) To consider urgently what measures should be employed to carry out the last two preceding recommendations;

(b) To advise all states and authorities on a continuing basis on such measures;

(c) To make such recommendations to the General Assembly as it deems appropriate.

Finally, the General Assembly affirms that it continues to be the policy of the United Nations to bring about a cessation of hostilities in Korea with a view to a peaceful settlement, and the achievements of United Nations objective in Korea by peaceful means, and requests some unnamed body at any suitable opportunity to use its good offices to this end."

5. Immediate objection was raised to the fact that under these proposals, the Collective Measures Committee would be given authority to advise states directly on measures which they should take against the Chinese. It was pointed out that many States would object to voting for a resolution which involved them in the commitment of unknown extent, even though it were only a moral commitment to carry out the recommendations of the Collective Measures Committee. It was also pointed out that serious constitutional objections might be raised to extending the authority of the Collective Measures Committee in this way. Gross said that in their concept Collective Measures Committee was supposed to act as a restraint upon States which might take unilateral action against the Chinese, and they had clearly not considered the constitutional implications of the procedure which they suggested. Jebb suggested alternative wording by which Collective Measures Committee would be asked to make recommendations to the Assembly on actions which might be taken against the Chinese, adding that in the meantime individual States could continue action they had initiated.

6. Gross concluded by saying that he was merely giving an informal outline of ideas which they had in mind and that points which had been raised would be referred to Washington.

30. 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 34 New York, January 7, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 22; London No. 60.
Please transmit the following message to High Commissioner for Canada in the United Kingdom, from the Minister, Begins: Arrival of your telegram No. 50 of January 6th[8] clarifies position greatly for us, as I hope our telegrams, especially text of draft principles, have for you. I had assumed that Nehru, who had this document, would have produced it for the discussion on Friday, and it is unfortunate that he did not do so. I agree entirely that we should proceed as slowly and cautiously as possible here. That was the main reason why I felt that our draft principles should have been introduced for discussion and submission, if agreed on, to Peking. This would have given us a week or so — with the co-operation and support of the United States — before the next stage would be reached. Indeed, in the unlikely event that the Chinese accepted our principles, no further stage would be required. I do not think, however, we can postpone the introduction of some such document much longer into the 60-member Political Committee of the Assembly (not the Security Council as telegrams from London state). Otherwise, we run the risk of the vacuum caused by delay being filled by the introduction of a condemnatory resolution, and the intermediate stage of agreement on the principles of a settlement being abandoned. There is a real possibility of this happening. This is what worries me most. Furthermore, a study of the United Kingdom paper,[9] which is presumably a substitute for our principles, does not convince me that it is an improvement over our draft. It is, I think, too detailed for its purpose, provides too much debatable material and includes one or two things that the United States will not, I think, accept. It will look too much like a promise of a reward for aggression. Would it not be better to have the United Nations accept a shorter and more general statement such as ours, with details to be worked out later if the principles are accepted. Is there anything specifically objectionable in our document which, it should not be forgotten, has now received a pledge, though a somewhat hesitant one, of support by the United States, if it is produced before the Committee. In any event, if some alternative document is preferable, it should, I think, be ready for submission on Tuesday, as I feel we will not be able to delay matters beyond that date. However, naturally I will do my best to assist others in securing a delay, while attempting to conceal from the other 50-odd delegations the reasons for it. It would, I think, be resented at the United Nations and in this country generally if a Commonwealth

[8] Voir le document 530./See Document 530.
[9] Voir le document 529./See Document 529.

discussion in London on this matter were felt to be responsible for unreasonable delay in any action being taken at Lake Success in respect of Korea. May I repeat that it is not the policy being advanced in London which worries me. I think it is the right one. It is a fear that the tactics being followed, because of the political situation in Washington and the military position in Korea, may prevent that policy being successfully carried out, and precipitate a less desirable substitute in the immediate introduction of a resolution of condemnation, and an unfortunate disagreement between the United States and the Commonwealth countries. United States opinion may also interpret developments as a concerted effort by the Commonwealth, as such, under the leadership of Nehru, to mediate between two morally equal parties, the United States and Communist China. The very suggestion of this equality in our own statement of principles in the paragraph providing for troop withdrawals caused some anxious doubts in Washington. It is an understandably sensitive point and one which should not be ignored. In short, I think that the sooner we introduce some agreed resolution on principles and stages of negotiation of Korean and related problems, the better. That means, I think, Tuesday at the latest. Ends.

DEA/50069-A-40

31.

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 39

New York, January 8, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 25; London No. 71.
Following from Pearson, Begins: When Political Committee met this morning (Monday), Jebb asked and was granted postponement until Thursday. He had found out previously that Rau was contemplating moving adjournment until Monday next. It was generally agreed that adjournment of a full week's duration from today would not be granted, and Rau therefore agreed to support adjournment until Thursday. The Soviet delegation of course pressed for immediate consideration of its charges against the United States, discussion of which was commenced before Christmas and then adjourned, but Committee voted them down.

2. If amendments to existing draft statement of principles, or alternative proposals, are to be suggested as a result of meetings in London, I should hope we might have them by Wednesday noon at the latest, in order that we may secure necessary clearance with other delegations here. Alternatively, if it has not been possible by Thursday to agree upon draft statement of principles or some alternative intermediate step, I think that cease fire group should then state its inability to propose an intermediate step, and leave way open for other delegations to make whatever proposals they may have in mind. Mounting pressure on United States delegation here

will make it difficult for them to acquiesce in further postponement beyond Thursday. Ends.

32. 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 46 New York, January 9, 1951

SECRET. IMMEDIATE.

Repeat Washington; London No. 87.
Following for Prime Minister from Pearson, Begins: In the light of your comments and suggestions, I have revised the proposed statement of principles and have gone over it with Rau, Jebb, and Gross of United States delegation. Text given below incorporates suggestions from all of them. Gross could not, of course, commit his Government to acceptance, but said that he would send it at once to Washington. Rau has not yet had opportunity to comment on text in this exact form, but it does not differ materially from text he saw earlier today.

2. I think that this text will go far towards assuring Peking Government that subjects which concern them will be discussed in favourable circumstances. If United States Government is prepared to acquiesce in revised text with references to Formosa and representation as agenda items, it will be important to know as soon as possible whether Mr. Nehru will, as we very much hope, be prepared to allow Sir Benegal when Political Committee meets on Thursday to be associated in putting forward draft statement as addition to Cease Fire Group's report.

3. Text of revised draft statement of principles is as follows, text begins:

The objective shall be the achievement, by stages, of the programme outlined below for a cease-fire in Korea, for the establishment of a free and united Korea, and for a peaceful settlement of Far Eastern problems.

1. In order to prevent needless destruction of life and property, and while other steps are being taken to restore peace, a cease-fire should be immediately arranged. Such an arrangement should contain adequate safeguards for ensuring that it will not be used as a screen for mounting a new offensive.

2. If and when a cease-fire occurs in Korea, either as a result of a formal arrangement or, indeed, as a result of a lull in hostilities pending some arrangement, advantage should be taken of it to pursue consideration of further steps to be taken for the restoration of peace.

3. To permit the carrying out of the General Assembly resolution that Korea should be a unified, independent, democratic, sovereign State with a constitution and a Government based on free popular elections, all non-Korean armed forces will be withdrawn, by appropriate stages, from Korea, and appropriate arrange-

ments, in accordance with United Nations principles, will be made for the Korean people to express their own free will in respect of their future Government.

4. Pending the completion of the steps referred to in the preceding paragraph, appropriate interim arrangements, in accordance with United Nations principles, will be made for the administration of Korea and the maintenance of peace and security there.

5. As soon as a cease-fire has been arranged, the General Assembly shall set up an appropriate body, which shall include representatives of the Governments of the United Kingdom, the United States of America, the U.S.S.R. and the People's Republic of China, with a view to the achievement of a settlement of Far Eastern problems, including, among others, those of Formosa and the representation of China in the United Nations. Text ends.

DEA/50069-A-40

33.

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 49

New York, January 10, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 35; London No. 93.
Following for the Prime Minister from Mr. Pearson, Begins: Last evening Sir Gladwyn Jebb showed me a telegram addressed to him from the Foreign Secretary, outlining the decision reached at the Prime Ministers meeting as to the course which should now be followed in regard to Korean and Far Eastern negotiations.[10] My first reaction in getting Jebb's message was one of surprise and bewilderment, almost consternation. In examining the message again, however, I realized that it was ambiguous in character and that until this ambiguity had been removed, I should reserve my own opinion concerning it. For instance, does the message mean that we are to abandon the position which we have taken here, and, indeed, which has been considered as absolutely essential, that the fighting must stop before negotiations begin, or does the message assume that before the steps recommended therein can be taken, a cease-fire in principle must have been agreed on by all parties, including the Chinese Communists. If this latter interpretation is correct, then I think that something can be worked out along the lines of the latest message. Indeed, our revised draft statement, which you received yesterday, does in paragraph 5, go a long way in carrying it out.

2. Jebb, however, has interpreted the message as meaning negotiations begin before a cease-fire is agreed, and has indicated as much to the Americans, whose

[10] Voir le document 535./See Document 535.

reaction was one of amazement. He, however, may have been premature in this interpretation.

3. Sir Benegal Rau has given the message another interpretation, but one which is close to Jebb's, namely, that the outstanding questions which the four powers are to consider will include the negotiation of a cease-fire, as well as a negotiation of political problems. If this is the correct interpretation, it means that discussions begin with the Chinese Communists before they have accepted the principle of a cease-fire, but that agreement will be sought first on ways to end the fighting. It should be remembered, however, that the Chinese in Peking have always insisted that they would not, repeat not, stop fighting in Korea until their other demands have been satisfied, and I see no reason to believe that they would be led to depart from that position by the offer of an immediate four-power conference, if the existing draft statement of principles could not lead them to depart from that position.

4. Presumably the course suggested also means that no further steps should be initiated at the United Nations until the four-power discussions of cease-fire and political questions are completed. This would be asking the Americans not to bring forward a condemnatory resolution of any kind in the United Nations for an indefinite period, during part of which, at least, the Chinese Communists would be continuing their attacks on United Nations troops. I do not think that there is much likelihood of the Americans accepting this.

5. Meanwhile, the British Embassy in Washington is discussing the message with the State Department, on the basis of their interpretation. I, however, do not feel that we should do anything further until we get the clear intent of the message established, and for this purpose I have been trying to get Mr. Robertson on the telephone since last evening, succeeding only an hour or so ago. I think it would be unfortunate if we abandoned the position we have taken in regard to the priority for a cease-fire, and accepted the Chinese Communist position of negotiations first and cease-fire later. However, that may not be intended. It is too bad that the message to Jebb was not more specific on this very important point. I hope that the amended statement of principles, which I sent you yesterday by telegram (No. 46 to External) will still be thought by you to be the most satisfactory basis for action in the Political Committee tomorrow. The Americans are still considering this, though their consideration will now be suspended, I assume, pending a clarification of the later message from London. Ends.

34. 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 10, 1951

TOP SECRET. MOST IMMEDIATE.

Repeat Washington; London No. 97.

CEASE FIRE IN KOREA

Following for Prime Minister from Pearson, Begins: As a result of telephone conversations with London, messages from London and discussions in Washington, the situation is now much clearer and, I think, much more satisfactory. Mr. Wrong has just telephoned from Washington that the United States will not oppose paragraph 5 of our statement of principles in its last version, providing that the Indian delegation will be able to join the other two members of the Cease-Fire Group in sponsoring this paragraph and the rest of the statement before the Political Committee of the United Nations tomorrow. The amended paragraph would now include, to meet the Indian point of view, the additional words suggested by Mr. Robertson in his teletype No. 72 of today's date.[11] We have secured American Agreement to the addition of these words, not merely to their substitution in the paragraph in question for the reference to Formosa and Chinese representation. This is more than we expected the United States to agree to, and we feel very pleased here. Paragraph 5 would now read:

Quotation begins:

"As soon as a cease-fire has been arranged, the General Assembly shall set up an appropriate body which shall include representatives of the Governments of the United Kingdom, the United States of America, the U.S.S.R. and the People's Republic of China with a view to the achievement of a settlement in conformity with existing international obligations and the provisions of the United Nations Charter on Far Eastern problems, including, among other things, those of Formosa and of representation of China in the United Nations". Quotation ends.

2. If, however, Mr. Nehru is not in a position to authorize Rau to accept our statement, even with paragraph 5 as above, then the United States would feel that they were freed from their commitment in regard to it. They would, however, not oppose the statement in its earlier form, even if it were agreed to by only two of the three members of the Cease-Fire Group and introduced by them. However, their support of any statement of principles must not be interpreted as precluding them from taking any further steps later, which they may consider desirable. If the Chinese Government in Peking reject the statement of principles, or if no reply is

[11] Voir le document 534./See Document 534.

forthcoming from them after a sufficient interval of time for consideration (I gather by "sufficient interval" that would mean, say, until the middle of next week), the U.S.A. would then feel free to introduce in the Political Committee a condemnatory resolution if they desired to do so.

3. I hope very much that in view of the present form of paragraph 5, Mr. Nehru will be able to authorize Rau to associate himself with the statement as a member of the Cease-Fire Group. We must, however, have information on this by tomorrow morning, as the Political Committee meets in the afternoon, when we will have to make some kind of a report. Ends.

35.

L.B.P./Vol. 35

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

[New York], January 11, 1951

KOREAN CEASE-FIRE

Mr. Robertson telephoned this morning from London after the morning session of the Prime Minister's Conference had been completed.[12] They discussed again the statement of principles and agreed on it in its final form, subject to the considerations mentioned below.

1. It was felt that it would have been better if a specific reference had been made to the Cairo Declaration in Paragraph 5, but they agreed that as this was probably now impossible, the point could be made by an interpretative statement by Rau as to what "international obligations" include. I told Mr. Robertson that there was no possibility of getting specific reference to the Cairo Declaration at this stage.

2. They felt that the "appropriate body" referred to in Paragraph 5 should be small, preferably only the Four Powers mentioned in the paragraph. I agreed, but said that here again there should be no change in the present text, as the composition of the body could be determined by the Assembly in due course, and that we should all support a very small body of four or five states.

3. They would have preferred Paragraph 5 to be put after Paragraph 1. I said I would look into this.

4. Mr. Nehru was particularly worried about the beginning of Paragraph 5 — "As soon as a cease-fire has been arranged . . .". He thought that this might be construed by the suspicious Chinese as an American device not to begin political discussions until every detail of the cease-fire arrangement had been formally adopted, and this might take some time. I agreed that I would try to get these words in Paragraph 5 altered to read, "As soon as a cease-fire has been agreed on . . .". If this could not be done, then the three of us could interpret the original words in a sense which might remove Chinese fears.

[12] Voir le document 540./See Document 540.

Mr. Robertson ended by saying that Mr. Nehru had not, however, agreed, when the meeting closed, to authorize Rau to support the statement, but would make up his mind within the next hour or so. As we meet at 3, he didn't have much time.

I at once telephoned Washington to indicate the interpretations that the Indians desired, and told the Embassy to take up at once with the State Department the substitution of the words "agreed on" for "arranged". I also asked them to do their very best to press on the U.S. authorities the fact that they should now not merely abstain, but vote in favour of the statement of principles, if the Indians would sponsor it. Both Mr. Wrong and Mr. Ignatieff will do their best to clear up this point and I will see Gross here about it. Abstention would not be good enough, as the Chinese would use it as an excuse for not paying any attention to the document, on the ground that the Americans had not accepted it.

After these talks, just before lunch, Rau phoned to say that his Prime Minister had agreed that he should sponsor the statement of principles, but he might have to make some interpretative remarks. I told him that I was going to try to get the first line of Paragraph 5 changed, in a way which would meet Mr. Nehru's points. He seemed pleased about this and I, in turn, am very pleased that he will be able to sponsor the statement. It looks as if our main difficulties are now removed.

L.B.P./Vol. 35

36.

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

New York, January 12, 1951

KOREAN CEASE-FIRE STATEMENT

A difficulty has arisen over the form in which our statement should be approved by the Political Committee, and who should sponsor any resolution of approval. It was our opinion that the resolution should be very short, merely noting, with approval, our statement and forwarding it to Peking for their consideration. Rau, with whom I talked about this matter yesterday, is worried about any formal endorsation by the Committee before the Chinese Communists have considered it. The difficulty here, however, is that if we merely send it to Peking without any resolution of approval, the United States will not then be committed to it, and this would give the Chinese an excuse to say that as the statement has not been approved by the United States and others, they should not be asked to give prior approval to it. Rau appreciated this point. In conversation with Jebb last evening, I suggested that the Cease-Fire Group should not itself sponsor any resolution, because it would deal with their own statement, but that Jebb should try to collect 5 or 6 sponsors and draft a short resolution along the lines indicated above. The sponsors might include a Latin American, a Scandinavian and a couple of Asians.

Meanwhile, we telegraphed a message to London asking Mr. St. Laurent to impress on Mr. Nehru how important it was that Rau should support and vote for any resolution of endorsation.

This morning Jebb telephoned me that he had been trying to arrange a sponsoring group for an endorsation resolution, and was having great difficulty. The Asians, or at least some of them, were anxious to be the exclusive sponsors, and were also anxious to amend the statement itself before it went to Peking, with a view to removing the stipulation that a cease-fire must actually take place before any negotiations begin. This, of course, is a fundamental part of the statement, and without it the Americans naturally will not support it. Apparently they, the Asians, have been influenced by Rau's speech yesterday, saying that the first few lines of Paragraph 5 were unnecessary. Jebb said that Alkhudairy, particularly if he were to be a sponsor of this resolution, would want these lines removed from the statement completely. I told Jebb that this was hopeless, and neither the Americans, nor ourselves, nor the Latin Americans would support a statement amended like this. All our work would have gone for nothing. Jebb also said that the Asians were willing, as a gesture, to include Mexico among the sponsors. I told Jebb that there were only two courses now that seemed to me to make sense. One is that the Asians alone should sponsor the resolution as it stands, or that the Cease-Fire Group itself, notwithstanding the disadvantages of this course, should introduce the sponsoring resolution.

I then telephoned Rau to confirm, if possible, Jebb's fears. Rau was somewhat reassuring. He said that it is true the Asians had been talking about the question of a resolution and its sponsorship, and had come to the conclusion that the sponsors should not include any country which had forces fighting in Korea, as the Chinese might use this as an excuse to state that the resolution and the statement were primarily for the purpose of extricating such forces from their present difficulties. I told Rau that this seemed to be to be not unreasonable, and I suggested to him that he use his influence to have a resolution sponsored by four or five countries, such as Mexico, Sweden, Syria, Burma, and possibly Indonesia. Rau said that he would try to do this. He did not think that the Asians would try to amend the statement, and in this respect was less pessimistic than Jebb. I mentioned to him the possibility of the twelve Asians who had sponsored the earlier resolution now sponsoring the statement of principles. He said that as India was one of these, he himself could not take this action without consulting Nehru, so we returned to the idea of the group of five.

I passed this on to Jebb and he seemed to think that sponsorship by countries not fighting in Korea would be satisfactory, and he agreed to try to get agreement on that basis. He was having a meeting for this purpose at noon.

37. 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 54 New York, January 12, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 40; London No. 112.
Please transmit the following message to the High Commissioner for Canada, London, England, Begins:
Following for the Prime Minister from Mr. Pearson, Begins: Our statement of principles was introduced yesterday and got a very good initial reception. It will receive a very large majority when the voting takes place, probably tomorrow. Meanwhile, it is clear that the Russians will do their best to misrepresent it to the Chinese in every possible way. Malik showed this yesterday. It is, therefore, of first importance that the statement should be explained to Peking by more impartial and friendly sources. This presumably means Panikkar. It would, therefore, be very helpful indeed if Mr. Nehru could authorize Panikkar to see Chou En-Lai and put the plan forward to him in the best possible light. Otherwise, he will get only the Russian version. I asked the United Nations Secretariat last evening to telegraph the statement to their representative in Shanghai, and this will be done this morning. He will then send it at once to Peking, so it should be in the hands of the government there today. However, it would be safer if the Indians could telegraph it themselves to Panikkar.

2. Austin made a very good statement yesterday and announced his definite support for the plan, though the United Kingdom representatives here and in Washington felt the night before that the best we could hope for from him was abstention. However, we intervened strongly, both there and through the Embassy in Washington and I think that this had some effect in persuading them to adopt a more positive line. They were also agreeable to a change at the beginning of paragraph 4, which, with Rau's interpretation of that paragraph yesterday, should remove any uneasiness Mr. Nehru has that the political negotiations may be unduly postponed. The main thing now, however, is to bring about a friendly intervention at Peking on behalf of the statement, and that can, I think, be done only by the Indians. Ends.

38.

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 55

New York, January 12, 1951

Repeat Washington No. 41; London No. 113.

KOREA

The following is the text of the supplementary report of the group on cease-fire in Korea submitted at yesterday's meeting of the Political Committee by Mr. Pearson on behalf of the group. Text of the report begins:

"The objective shall be the achievement, by stages, of the programme outlined below for a cease-fire in Korea, for the establishment of a free and united Korea, and for a peaceful settlement of Far Eastern problems.

1. In order to prevent needless destruction of life and property, and while other steps are being taken to restore peace, a cease-fire should be immediately arranged. Such an arrangement should contain adequate safeguards for ensuring that it will not be used as a screen for mounting a new offensive.

2. If and when a cease-fire occurs in Korea, either as a result of a formal arrangement or, indeed, as a result of a lull in hostilities pending some such arrangement, advantage should be taken of it to pursue consideration of further steps to be taken for the restoration of peace.

3. To permit the carrying out of the General Assembly resolution that Korea should be a unified, independent, democratic, sovereign state with a constitution and a government based on free popular elections, all non-Korean armed forces will be withdrawn, by appropriate stages, from Korea, and appropriate arrangements, in accordance with United Nations principles, will be made for the Korean people to express their own free will in respect of their future government.

4. Pending the completion of the steps referred to in the preceding paragraph, appropriate interim arrangements, in accordance with United Nations principles, will be made for the administration of Korea and the maintenance of peace and security there.

5. As soon as agreement has been reached on a cease-fire, the General Assembly shall set up an appropriate body which shall include representatives of the Governments of the United Kingdom, the United States of America, the Union of Soviet Socialist Republics, and the People's Republic of China with a view to the achievement of a settlement, in conformity with existing international obligations and the provisions of the United Nations Charter, of Far Eastern problems, including, among others, those of Formosa (Taiwan) and of representation of China in the United Nations." Text ends.

DEA/50069-A-40

39.

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representantive to United Nations to Secretary of State for External Affairs

New York, January 13, 1951

TELEGRAM 64

RESTRICTED. IMPORTANT.

Repeat Washington No. 46; London No. 127.

KOREA

1. At the conclusion of the two meetings on Saturday, 13th January, the Political Committee approved the statement of principles contained in the supplementary report of the cease-fire group by a vote of 50 in favour (including Canada), 7 against and 1 abstention. The negative votes were cast by the Soviet Bloc, Nationalist China and El Salvador. The Philippines abstained, while Costa Rica and Nicaragua were absent. The Committee then adopted an additional proposal asking the Chairman of the Committee, through the Secretary-General, to transmit these principles to the Peking Government, and to ask Peking to inform him as soon as possible whether they accepted these principles "as a basis for the peaceful settlement of the Korean problem and other Far Eastern problems". The vote on this second motion was 45 in favour (including Canada), 5 against (the Soviet Bloc) and 8 abstentions (China, El Salvador, the Philippines and most of the Arab Bloc). It was also understood that, in the event of no reply from Peking, the Chairman should summon the committee at his discretion.

2. Prior to approving the principles of the cease-fire group the Committee adopted a Mexican proposal that the principles should be either approved or rejected *in their entirety*. The vote on this proposal was 42 in favour (including Canada), 4 against and 9 abstentions. The adoption of this proposal had the effect of ruling out all amendments to the cease-fire group's principles, and was opposed by those delegations which had submitted amendments, or which wished to do so.

3. The two meetings on Saturday were marked by a retreat on the part of the Arab Bloc from the support for the cease-fire group's principles which they had announced on the previous day. This altered position seemed to be due to (a) Israel's sponsorship of a resolution approving the cease-fire group's principles, and (b) annoyance on the part of the Arab Bloc that the twelve-power Asian resolution, of which they had been co-sponsors, had not been given precedence over the principles developed by the cease-fire group. They finally voted in favour of approving the cease-fire group's principles, but with the understanding that they would later re-introduce the twelve-power Asian resolution, in an amended form, if the Peking Government showed a willingness to negotiate on the broad basis of the cease-fire group's principles.

4. The Arab Bloc, plus several of the Asiatic States, also contended that the question of transmitting the cease-fire group's principles to the Peking Government required careful study, and that further time should be given to this question of the method of transmittal. For this reason they supported an Indian proposal for adjourning the Committee, which was defeated by a vote of 13 in favour (the Asian States), 32 against (including Canada) and 10 abstentions. After this vote against adjournment, the Committee adopted the motion for transmitting the cease-fire group's principles in the manner given above.

5. Tsiang of China made a bitter speech against the cease-fire group's principles and asserted that they amounted to a "sell-out" of the United Nations. In particular he charged that paragraph 5 of the principles was tantamount to asking the Peking Government "how do you want Taiwan — rare, medium or well-done?" The Philippine representative, Romulo, spoke in a somewhat similar fashion but abstained on the principles, instead of voting against them. The vote of the representative of El Salvador against approving the principles was due to the fact that he had submitted a number of amendments to them, and the Committee had decided not to consider any amendments.

6. In explaining his vote against approving the principles, Malik of the Soviet Union confined himself to the formal argument that he could not support them because neither the Peking Government nor the North Korean Government were participating in the work of the Committee. At the meetings on 13th January he did not speak against the *substance* of the principles in the same manner that he had done at the meeting on 11th January (see paragraph 7 of my teletype No. 56†).

7. No date has been fixed for the next meeting of the Committee, and this will be determined either by (a) the reply of the Peking Government, or (b) the decision of the Chairman, if no reply from Peking is forthcoming.

40. 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 69 New York, January 15, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 48.

KOREA

1. Ross of the United States delegation came to lunch with me today, and although he said in advance that he had nothing particularly on his mind, I found him wholly preoccupied with the question of steps to be taken if Peking Government will not accept the cease fire proposals. He gave me the text of an outline of

proposals which he said represents the current thinking of their delegation. Text is contained in my immediately following teletype.

2. You will notice that this text, although it is a modification of the points outlined in my teletype No. 33 of January 7th, retains the two essential points that Communist China will be designated an aggressor and that the Collective Measures Committee will be given the task of determining appropriate measures to be taken against the Chinese. The Collective Measures Committee will, however, report to the Assembly rather than directly to member states.

3. Ross said that he thought alternatives between conciliatory attitude towards Chinese and firm resistance had been too sharply placed. No one was really suggesting a choice between offering the Chinese a peaceful solution on reasonable terms and resisting their aggression. In fact this choice could not be made, and both courses of action were necessary. Draft resolution which was being contemplated, therefore, both held out the hope of a negotiated settlement and also showed intention to take firm action so long as Chinese persisted in their course.

4. In regard to the finding of aggression, I said that it seemed to me the Chinese would not be turned from their present course until they ran into trouble of some kind, either in their relations with the Russians or in their relations with the free world. The important question was how, in showing firmness against Chinese expansion, the free world could avoid on the one hand falling into disunity, and on the other, closing the door against a possible accommodation. The arguments against incorporating a specific charge of aggression in the proposed resolution were, therefore, that support might be lost in the vote, and that the way might be made harder for the Chinese eventually to come to terms. In regard to the first of these arguments, Ross suggested that it was possible already to calculate the vote with fair accuracy, and he was not sure that modifications in the wording would greatly affect the result. He did not think the Indians and Indonesians and one or two other Asian states would vote for the resolution in any case. The Arab vote would probably be split. He seemed to doubt whether any wording would secure the support of Sweden. He hoped, however, that other states would be prepared to support a resolution along the lines the United States was suggesting. In regard to the second objection, he thought that, if ever the Chinese made up their minds to seek an accommodation, they would not be prevented from doing so by concern about the language of resolutions. In the meantime, he thought that great advantage would flow from the free world showing that it is prepared to face the realities of the situation in Korea, and to call things by their proper names. In the course of developing this point, he expressed very strongly the opinion that a voluntary withdrawal from Korea, or a withdrawal upon dishonourable terms, would lead to disaster elsewhere in Asia. Referring specifically to arguments in favour of withdrawal now being advanced in the United States, he said that, failing a satisfactory settlement with the Chinese, it seemed to him only reasonable to pin down as many Chinese forces as possible in Korea for as long as possible and thus try to prevent Peking engaging upon other ventures.

5. I said that my questions should not be taken as indicating an expression of opinion, and that I would send the outline which he had given me to Ottawa.

41. 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 70 New York, January 15, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 49.
Referring to my immediately preceding teletype, following is text of documents to which reference is made. Text Begins:

POINTS FOR A RESOLUTION RE KOREA

1. The General Assembly should note that the Central People's Government of the People's Republic of China has rejected efforts to bring about a cessation of hostilities in Korea with a view to peaceful settlement, and that its armed forces continue their invasion of Korea and their large-scale attacks upon United Nations forces there;

2. The General Assembly should note that the Security Council, because of lack of unanimity of the permanent members, has failed to exercise its primary responsibility for the maintenance of international peace and security in regard to Chinese Communist intervention in Korea;

3. The General Assembly should find that the Central People's Government of the People's Republic of China has committed aggression in Korea;

4. The General Assembly should call upon the Central People's Government of the People's Republic of China to cause its forces and nationals in Korea to cease hostilities against the United Nations forces and to withdraw from Korea;

5. The General Assembly should affirm the determination of the United Nations to continue its action to meet the aggression in Korea;

6. The General Assembly should call upon all states and authorities to continue to lend every assistance to the United Nations in such action;

7. The General Assembly should call upon all states and authorities to refrain from giving any assistance to the aggressors in Korea;

8. The General Assembly should request the Collective Measures Committee, as a matter of urgency, to consider what additional measures should now be employed to meet this aggression, and to make recommendations to the General Assembly thereon;

9. The General Assembly should affirm that it continues to be the policy of the United Nations to bring about a cessation of hostilities in Korea with a view to peaceful settlement and the achievement of United Nations objectives in Korea by peaceful means, and requests _____ at any suitable opportunity to use its good offices to this end." Text Ends.

DEA/50069-A-40

42.

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

Ambassador in United States
to Secretary of State for External Affairs

Washington, January 17, 1951

TELEGRAM WA-216

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 38.

KOREA — ACTION IN UNITED NATIONS

1. At the regular meeting at the State Department today Hickerson reported the information just received about the Chinese reply to the Cease-Fire Committee's proposal. He said that while the text was not completely translated in New York the substance of it was clear and that it amounted to a complete rejection. The counter proposal included in the reply was wholly unacceptable, and he was sure the governments represented at the meeting would agree with this.

2. I was asked to stay after the meeting for a private talk with him and with Rusk, and this report is an amalgam of what was said at the meeting and the private discussion. Hickerson showed me the brief statement just issued by Mr. Acheson confirming the line he took at the meeting.

3. He said that arrangements were in train for the Political Committee to meet tomorrow to discuss further steps. The United States view on what should be done was unchanged and a draft resolution had been sent to New York for discussion with other delegations. The State Department hoped that tomorrow the resolution would be considered by the Political Committee and that a vote would not be delayed for more than three or four days at longest.

4. In reply to questions he said that another effort at a peaceful solution without first any direct condemnation of Chinese intervention was unthinkable. The United Nations had done all it can honorably do to stop the fighting and should now put the facts squarely on record.

5. Rusk emphasized that Chinese action in Korea was only a part of a more general Chinese threat in the Far East with particular reference to Indo-China. Evasion at this stage would only make matters worse.

6. Privately they both discussed with me the state of Congressional and public opinion. Hickerson said that what had decided them finally to vote for the statement of principles was your urgent appeal; otherwise they would have abstained. He and Rusk had taken a battering when before the Foreign Relations Committee yesterday because of this vote. Rusk admitted that they could now publicly explain their motives in supporting the resolution, which they had been unable to do before the Chinese answer for fear of undermining the proposals.

7. They emphasized that the central issues in the debate on foreign policy have become the value to the United States of participating in any system of collective

security, including the North Atlantic alliance. This concurs with my own opinion, and, of course, at present what is done about Korea by the United Nations is the hottest issue. Rusk is much concerned over Nehru's attitude and the impossibility of persuading him to exercise his great influence in Asia in a positive sense. He considers that a strong lead from Nehru in the right direction would be worth many divisions in checking Chinese adventures.

8. As to the United States resolution, they intend to press hard for its adoption by as large a majority as possible. They are unwilling to accept any alterations of substance, but are prepared to consider amendments in its language.

9. I am reporting separately on the military situation.

43. 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-223 Washington, January 17, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 39.
Following for Pearson from Wrong, Begins: In view of the reply of the Peking Government,[13] my strong recommendation is that we should not support any move which may be introduced in New York for a further effort for a peaceful settlement in Korea and should vote for a resolution on the lines proposed by the United States. Apart from other reasons for this course, I think that the effect on United States opinion, especially at the beginning of a most important session of Congress, would be very serious if there is any further delay in the direct condemnation of Chinese intervention. I think also that readiness on our part to support the United States position after the failure of your great efforts to secure a cease-fire would influence a number of other delegations.

2. I forgot to include in my earlier message of today a point made in my discussion with Rusk about the Indian attitude. He said sadly that the United States certainly ought to send large quantities of food to India, where people are starving, but added that the position taken by Nehru would make it difficult, if not impossible, for them to discharge this humanitarian obligation. This was one of the reasons why he hoped Nehru would change his line. Unless he does, there will be difficulty in getting funds from Congress. Ends.

[13] Voir/See *FRUS*, 1951, Volume VII, pp. 91-92.

DEA/50069-A-40

44.

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 81

New York, January 18, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 53.

KOREA

I spoke to Ross this morning on the basis of the United States memorandum containing points for a resolution on Korea, repeated to you in my teletype No. 70 of January 15th, and suggested certain revisions for his consideration, as follows:

Paragraph 3: for the words "... has committed aggression in Korea", substitute the words: "... has caused and permitted its forces and nationals to participate in and assist the aggression in Korea".

Paragraph 5: the phrase "... in Korea" should be placed after the word "action", to read: "... continue its action in Korea to meet the aggression".

Paragraph 6 to be revised to read: "... to continue to lend every assistance to the United Nations action in Korea".

2. I also said that we would like to see paragraph 9 altered in such a way as to indicate that the offer to negotiate a Far Eastern settlement was still open. I pointed out that the present wording referred only to the situation in Korea and suggested the possibility of a revision along the following lines: "... it continues to be the policy of the United Nations to bring about a cessation of hostilities in Korea with a view to the achievement of United Nations objectives in Korea by peaceful means and the peaceful settlement of Far Eastern questions, following a cessation of hostilities in Korea, upon the basis of principles approved in the Political Committee on January 14th, 1951, and requests ...".

3. Ross asked what the intention was of the change suggested in paragraph 3, and I said that what we had in mind was to limit the finding of the resolution to the Korean situation and to focus upon Korea any action which might arise out of it.

4. Ross also asked whether we had any views in regard to the individual or group to be named in the last paragraph to continue the work of conciliation. I said I had no instructions in this regard but two ideas occurred to me. One was that, if there were any disposition to continue the existing Cease Fire Group, the refusal of Peking to communicate with the group should not worry us too much, since I thought Peking quite capable of making use of an instrument tomorrow which it had rejected today if it wished to do so. I also suggested that they might consider naming in paragraph 9 six of the seven states which had been mentioned in the communication from Peking, that is, United States of America, United Kingdom, France, India, U.S.S.R., Egypt. By combining a reference to the statement of prin-

ciples with the designation of a group conforming to the Chinese suggestions, it would be made abundantly clear to the Chinese that they could at any moment pick up the offer of a negotiated settlement which has been made to them.

3. Ross asked about sponsorship, and I said that you were prepared to give favourable consideration to sponsorship, but that your decision would, of course, depend upon the text that finally emerged and the list of sponsors. Ross then asked whether or not our attitude towards sponsorship was directly related to that of the United Kingdom. I told him that I did not think this was the case, and that we would be more interested in the whole composition of the group of sponsors rather than in the inclusion or omission of any particular state.

6. Langenhove called during the morning to enquire about our attitude towards sponsorship, and said that he would be speaking to Van Zealand on the telephone. He also said the United States delegation were sending him a full text of their proposed resolution which he expected to receive almost immediately.

7. Ross did not offer to send me such a text and I did not ask for it. He said they would take our suggestions into consideration and would let us know their intention. He did not think now, however, that they would insist on tabling a resolution this afternoon, but would wish to proceed tomorrow. He told me that they had been informed by someone in the Secretariat that you intended to ask for a postponement until Monday. I said I had no reason to believe this to be true and that I was expecting you in New York tomorrow morning. I also told Ross that we were contemplating suggesting, at some stage, that a request for clarification of certain parts of their text be addressed to Peking. Ross thought this was a function which might be taken up by the continuing group named in the last paragraph of the resolution.

45. 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-233 Washington, January 18, 1951

SECRET. IMMEDIATE.

Repeat Permdel No. 43.
Reference my WA-216. Korea — action in United Nations.

1. Hickerson telephoned Ignatieff this afternoon to express certain misgivings about a report received through the United States Embassy in Ottawa of the line which you are alleged to have taken in your press conference this morning. He was particularly troubled by the report that you had said something to the effect that the Chinese Communist reply was open to several interpretations and steps should be taken to get a clearer understanding of what the Chinese meant.

2. Hickerson again repeated what he had said at the State Department yesterday afternoon, as reported in our message under reference, to the effect that the United

States had voted in favour of the statement of principles only as a result of your urgent appeal as they would otherwise have abstained; that the State Department had been severely criticized for this and that he earnestly hoped that the Canadian delegation would now support a condemnatory resolution in the United Nations.

3. Hickerson added that; in the considered judgment of the State Department the reply from the Chinese Communist Government constituted a clear turn-down of the cease-fire proposals. He hoped that if there was any doubt on this matter you would not hesitate to get in touch with him personally. He said that he did not intend to be in New York but that he could be reached at the State Department by telephone, the number being RE 5600, Extension 5241.

DEA/50069-A-40

46.

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

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 21

Ottawa, January 18, 1951

TOP SECRET. MOST IMMEDIATE.

Repeat London No. 143, Washington EX-134, for information only.

Will you please have the following urgent personal message from the Prime Minister delivered to Pandit Nehru who I understand is now in Paris. Message begins.

2. I feel sure you share with me very grave concern because of the ambiguous nature of the Peking Government's reply to the United Nations proposals and of the serious results which might follow very rapidly in the United Nations and the further deterioration in the Asian and world situation.

3. There are several points in the Peking reply, the meaning of which is susceptible of varying interpretations and it seems to me that we should find out at once what the Chinese intend.

4. The points I have in mind are:

(a) In paragraph 1 of the Chinese reply does the reference to negotiations "on the basis of the withdrawal of all foreign troops from Korea" include Chinese "volunteers"? Malik has on a previous occasion indicated in the First Political Committee that Chinese troops are included in this formula but we have never had a clear statement from Peking to this effect.

(b) In paragraph 2 of the Chinese reply it is stated that "if a cease fire comes into effect without first conducting negotiations to fix the conditions therefor, negotiations after the cease fire may entail endless discussions without solving any problem". This, taken in conjunction with the statement later in the same paragraph "that the principle of a cease fire first and negotiations afterwards would only help the United States to maintain and extend its aggression", might seem to convey the impression that the Chinese objection is to a cease fire preceding negotiations lead-

ing up to a cease fire. If this were their real objection it would be easy to reassure them on this point. Indeed the Cease Fire Committee have already made it quite clear through General Wu that the conditions for a cease fire would have to be fully discussed and agreed before the Cease Fire would actually become effective. Many may fear, however, that this is not the real meaning of the Chinese and that what they are demanding is that negotiations on the broad political questions at issue should precede a cease fire. This interpretation could be borne out by the reference in paragraph 2 of the Chinese note to the inacceptability to the Chinese Government of the principle of "the arrangement of a cease fire in Korea first and the conducting of negotiations among the various countries concerned afterwards". If the Chinese mean that the negotiation over political issues should take place prior to the cease fire, this would be quite inacceptable as it would imply that negotiations would be carried on for a peaceful settlement while military operations were being continued to bring about a settlement by the force of arms. The ambiguity in this paragraph makes it, in my view, desirable that the Chinese meaning should be clarified beyond the possibility of misunderstanding.

If fighting cannot be stopped at once it might be possible, it seems to me, to visualize the simultaneous suspension of fighting with the opening of the conference with the understanding that the resumption of the fighting by either side would end and defeat the efforts to reach a settlement by negotiations. In the meantime there would have to be an agreed lull in hostilities, otherwise we should again find ourselves in the position of conducting negotiations under military duress.

(c) The reference in paragraph 2 of the Chinese note to the Cairo and Potsdam Declarations seems to me to be sufficiently covered by Rau's explicit statement in the Political Committee that existing international obligations referred to the Cairo and Potsdam Declarations.

(d) In point (c) of paragraph 3 of the Chinese proposals, it is stated that "the rightful place of the Central People's Government of the People's Republic of China in the United Nations should be established as from the beginning of the Seven-Power Conference". This statement is obscure. Does it mean that this Chinese government demands as a precondition to agreeing to a conference that it be formally recognized as the spokesman of China in the United Nations? If so, there seems no possibility that in existing circumstances their demand could be met. On the other hand, the conference itself would necessarily imply a *de facto* recognition which, unless the conference became abortive, would, in my opinion, have to be followed by formal recognition and it might well be that this is what is intended in the note.

5. I think you will agree that it is important that there be clarification on these points immediately in relation to proceedings in the Political Committee in the next day or two. Your Ambassador in Peking is clearly in the best position to seek such clarification.

6. If you agree, would you think it advisable to ask Panikkar to see Chou En-Lai immediately?

7. The U.S. may now press for a resolution condemning Communist China. The wording of such a resolution should, in my opinion, be very carefully considered with a view, if possible, to finding a text which we can support. If some resolution along these lines cannot now be avoided, I should hope that it would be made clear in the body of the resolution that this does not close the door to a further effort towards a peaceful solution. I do not think that the U.S. intend to exclude such a further effort even if they ask for the passage of a condemnatory resolution. I am sure that you will agree with me that the door should be left open for a further attempt at reaching a settlement upon which the peace of Asia and perhaps of the world may depend. With this objective in mind, I think any resolution should contain a specific reference to the principles contained in the U.N. communication to the Chinese government of January 13.

8. Pearson is leaving today for New York and will be discussing our ideas regarding the timing and text of any such a resolution with other delegations there, including, of course, your own. Message ends.

Please report at once by telegram when message has been delivered.

If Mr. Nehru has left Paris before you can deliver this message to him, will you please let us know, at once, so that the message may be repeated from here to our Mission in New Delhi for transmission to Mr. Nehru there. Ends.

DEA/50069-A-40

47.

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 78 Ottawa, January 19, 1951

SECRET. IMMEDIATE.

Repeat London No. 145, Washington EX-141, for information only. Important.

CHINESE INTERVENTION IN KOREA

Following for the Minister, Begins: The Acting Indian High Commissioner left with the Prime Minister this morning a telegram dated January 18 to the Prime Minister from Mr. Nehru. This telegram crossed the telegram from Mr. St. Laurent to Mr. Nehru. The message from Mr. Nehru to the Prime Minister reads as follows:

I have seen Press Reports of Chinese reply to Political Committee's proposals. I do not consider the reply to be outright rejection. It is partly acceptance, partly request for elucidation, partly counter-proposal, and leaves room for further negotiations. All of us must have time to consider them before determining future line of action. According to Press Reports, United States have already pronounced Chinese reply unacceptable and asked that meeting of Political Committee be called, presumably to declare China Aggressor. Any such move will shut door to negotiation completely and make War inevitable. This would be contrary to policy which

you and we decided to follow in Commonwealth Conference. I think there is room for negotiation and we should take advantage of this. I would request you strongly to urge Washington not to compound matters. Ends.

48. 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 22 Paris, January 19, 1951

SECRET. IMMEDIATE.

My telegram No. 17 of January 19th.†
Following message is from Mr. Nehru to Prime Minister, Begins: Thank you very much for your message which I have just received through your Ambassador in Paris and which has crossed mine to you of yesterday. I am telegraphing points mentioned by you at once to our Ambassador in Peking for clarification and shall telegraph result to you as soon as I hear from him. Such information as I have from him suggests that, although tone of Chinese reply is firm, Chinese Government desire peaceful settlement by negotiation. It is of the utmost importance, therefore, that door be kept open, and I am most grateful for your statesmanlike approach.

As I told you in my message of yesterday I feel that resolution condemning Communist China, however worded, would have most unfortunate consequences and probably make negotiated settlement impossible. We must, therefore, endeavour to avoid precipitate action and allow time for full consideration of Chinese reply, with aid of elucidations that seem necessary.

With best wishes. Ends.

49. DEA/50069-A-40

Extrait d'un télégramme du représentant permanent auprès des Nations Unies
au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Permanent Representative to United Nations
to Secretary of State for External Affairs

TELEGRAM 82 New York, January 19, 1951

RESTRICTED

Repeat Washington No. 55.

KOREA

1. At the meeting of the Political Committee at 3 p.m., Thursday, 18th January, the first speaker was Austin who, as anticipated, outlined the ingredients of a reso-

lution condemning China as an aggressor, but did not submit the text of such a resolution. Austin's five-point "programme of action" contained no new elements, and the five points stressed by him were similar to points 3, 4, 5, 8 and 9 of the text contained in my teletype No. 70. He described the Chinese reply as "a final rebuff", and said that the Chinese counter proposals were completely unacceptable. He summed up his remarks by saying that, if the United Nations did not take action to resist this aggression, "we should destroy here and now the principle of collective security on which the safety of our nations rests".

. . .

DEA/50069-A-40

50.

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

[Ottawa], January 20, 1951

SECRET

Correction for:

TENTATIVE REVISION OF UNITED STATES RESOLUTION ON KOREA DATED JANUARY 19, 1951

This revision was telephoned by the Canadian Permanent Delegate to the United Nations, New York.

Revision agreed ad referendum by United States, United Kingdom, France, Australia and Canada.

The General Assembly

1. *Noting* that the Central People's Government of the People's Republic of China has rejected all U.N. proposals to bring about a cessation of hostilities in Korea with a view to peaceful settlement, and that its armed forces continue their invasion of Korea and their large-scale attacks upon United Nations forces there;

2. *Noting* that the Security Council, because of lack of unanimity of the permanent members, has failed to exercise its primary responsibility for the maintenance of international peace and security in regard to Chinese Communist intervention in Korea; (the United States is disposed to omit this paragraph)

3. *Finds* that the Central People's Government of the People's Republic of China, by giving direct aid and assistance to those who were already committing aggression in Korea and by engaging in hostilities against United Nations forces there, has itself engaged in aggression in Korea;

4. *Calls* upon the Central People's Government of the People's Republic of China to cause its forces and nationals in Korea to cease hostilities against the United Nations forces and to withdraw from Korea;

5. *Affirms* the determination of the United Nations to continue its action in Korea to meet the aggression there;

6. *Calls* upon all states to continue to lend every assistance in Korea to the United Nations action there;

7. *Calls* upon all states to refrain from giving any assistance to the aggressors in Korea;

8. *Requests* a committee composed of the members of the Collective Measures Committee, as a matter of urgency, to consider additional measures to be employed to meet this aggression and to make a report thereon to the Political and Security Committee with a view to recommendations to the General Assembly.

9. Affirms that it continues to be the policy of the United Nations to seek to present [sic] the extension of the present conflict (the United States may balk at this language) and to bring about a cessation of hostilities in Korea with a view to the achievement of United Nations objectives in Korea by peaceful means and the peaceful settlement of other Far Eastern questions following a cessation of hostilities in Korea and requests the President to designate forthwith two persons who would meet with him at any suitable opportunity to use its good offices to this end.

51. 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 86 New York, January 20, 1951

SECRET. IMMEDIATE.

Repeat Washington No. 59.
Following from Pearson, Begins: When I arrived in New York Friday morning, I found that a meeting had been arranged in the offices of the United Kingdom delegation, in order to consider draft resolution on Korea, and I went directly from the train to Jebb's office with Riddell. Gross and Ross, from the United States delegation, were present, together with Shann from the Australian delegation, and Lacoste from the French delegation.

2. Jebb had just received instructions to press for the division of the resolution into two parts in order that agreement could be reached on the measures to be taken under the second part of the resolution before action was taken in the Assembly. He was, however, prepared to accept the language of the first part of the draft resolution, in which a finding of aggression was contained, without amendment.

3. The revised text which resulted from our discussions, and which all those present agreed to refer to their governments, is already known to you.[14] In the course of the discussion Gross and Ross persistently held out against efforts to qualify in any material degree the finding of aggression against the Chinese. They also resisted any language which might seem to imply a commitment never in any circumstances to carry United Nations action beyond the borders of Korea, though they were quite prepared to state, publicly if necessary, that they did not regard a

[14] Voir le document 50./See Document 50.

draft resolution as in any way constituting an authority to the Unified Command to undertake operations of any kind elsewhere than in Korea.

4. Gross and Ross seemed genuinely anxious to reach an accommodation with other delegations, but it was clear that they were severely restricted by the rigid instructions which they are now receiving. On some occasions it seemed to me that the way in which they expressed these instructions reflected a determination in the State Department to remain free to take strong action against China, if, in their opinion, the circumstances and the military situation in Korea warranted such action. They indicated, for example, that the United States Government now took the view that a new and separate act of aggression, for which the Chinese Communists were responsible, had taken place, and they treated with some reserve the desire that we and the French expressed to base our current action on events in Korea which had originated in June, and which had already been denounced; emphasizing in the wording of any resolution that we were condemning the Chinese for participating in an aggression already committed than for a new and separate aggression. They also made it clear that they wished the United States to have a free hand to take unilaterally whatever action it considered necessary against the Chinese, even if that action should not be decided upon or authorized by the United Nations, though they explained that no such unilateral action was contemplated. Gross, who accepted for reference to Washington a number of significant amendments in the original text, kept expressing misgiving over the effect of these modifications upon the sources from which pressure upon the State Department is now being exercised.

5. After yesterday afternoon's meeting of the Political Committee, I attended a meeting with United States, United Kingdom, French and Australian representatives at which Gross reported the views of Acheson and the State Department on the amendments we had suggested in the morning. My immediately following telegram contains the text of a draft resolution as amended by the Americans in the light of Acheson's views. Gross made the following explanations:

Paragraph 1. The State Department was neutral about this, but they were under strong pressure from the Latin Americans to include some such paragraph to head off a legal debate on the authority of the General Assembly.

Paragraphs 2, 3, 4, 5. Acheson was prepared to accept the redrafts of these paragraphs, but Gross and Ross pointed out that paragraph 3 was not the "condemnation" of aggression which Congress and the American people were demanding and emphasized that if they were left to sponsor the resolution themselves or with the Latin Americans, they would go back to the more direct formula which they very much preferred. Certainly they could not consider any change to the words "participate in aggression".

Paragraph 6. The State Department would strongly prefer to go back to the original draft for a reason not mentioned at the morning meeting, that is that assistance was not limited to Korea, in fact, for it included bases in Japan and naval facilities all over the world. Gross emphasized that this preference indicated no intention to extend the hostilities. The omission of "there" was purely for grammatical reasons and had no other significance.

Paragraph 7. The State Department thought "and authorities" should be reinstated so that the paragraph would have universal application without any possible quibble. There might otherwise be suggestions that the question of recognition was tied up with the question of what constitutes a state, as, for instance, in the case of Japan. This was the language of the six-power resolution, and any change would invite speculation.

Paragraph 8. The State Department thought it a mistake to refer to the Political Committee. In the normal course the report would be made to the General Assembly which would ask the Political Committee to take whatever action it saw fit. There was no "political difference" here.

Paragraph 9. Acheson thought that a reference to anything but Korea here would be interpreted as a "soft retrogressive action". He much preferred the original American draft, but would accept the wording put forward in the following telegram. Acheson had been under heavy criticism for agreeing to broad discussion, and he wasn't prepared to take any more of "this kind of punishment". Gross said very specifically that Acheson had asked him to say again that the position of the United States remained as it had been. They did not construe and would not construe this resolution as extending any authority over and above that contained in existing resolutions; and their policy on the bombing of Manchuria remained what it was in the President's last statement on the subject. When Gross at this point said that the Secretary could not accept any change that suggested following further "the line of appeasement", I replied that public opinion in other countries was very worried about the new step involved in a formal condemnation which was the initial step on a "line of new commitments", leading possibly to full scale conflict with China. Gross agreed that there was danger in following either line.

6. Gross said that the State Department felt it was absolutely necessary to table the resolution tomorrow (Saturday). I said we would not be in a position to sponsor the resolution under these circumstances, but that did not mean that we would oppose it or even abstain in the vote. I explained that if we were not sponsoring, I would feel more free in explaining our position and interpreting the resolution. Jebb said that the omission of any reference to the "principles" in the last paragraph would affect Bevin's attitude. Both he and Lacoste, however, said that they would refer the new draft immediately to their governments. Shann indicated after the meeting that he thought Australia would be co-sponsoring.

7. Gross asked what we would think of the United States sponsoring the resolution alone. Shann and Lacoste thought the absence of co-sponsors would have a bad effect and would influence the vote in support. Gross himself thought the effect on American opinion would be bad. When Jebb asked what the American attitude would be if amendments were proposed, Gross said that they would not accept them. He was obviously under instruction to be decisive. He recognized that they might lose support in some quarters if they persisted with their own draft, but he said they were being pressed very hard in the other direction by the Latin Americans. His attitude was that the United States was prepared to go through with the kind of resolution they wanted regardless of the amount of support they received.

8. When Gross explained that the American people considered any further talk of principles of negotiation as "churning over the same kind of weakness", I said again that there was a psychological factor to be considered on the other side. Many other peoples considered that the condemnation of China was a very important step which might have very far-reaching consequences, and in judging those consequences they had to take into consideration the statements of very important people in the United States, such as General O'Donnell. Gross made a rude comment about General O'Donnell, and again showed understanding of the difficulties that others might have. I am afraid such understanding, however, here and in Washington is very much subordinated to the necessity the Americans feel of satisfying Congress and public opinion by following a tough condemnatory line with China. Ends.

DEA/50069-A-40

52.

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

New York, January 20, 1951

TELEGRAM 87

SECRET. IMMEDIATE.

Repeat Washington No. 60.

Following from Pearson, Begins: With reference to my immediately preceding telegram, the following is the text of the United States draft resolution on Korea, text begins:

The General Assembly

Noting that the Security Council, because of lack of unanimity of the permanent members, has failed to exercise its primary responsibility for the maintenance of international peace and security in regard to Chinese Communist intervention in Korea;

Noting that the Central People's Government of the People's Republic of China has rejected all United Nations proposals to bring about a cessation of hostilities in Korea with a view to peaceful settlement, and that its armed forces continue their invasion of Korea and their large-scale attacks upon United Nations forces there;

Finds that the Central People's Government of the People's Republic of China, by giving direct aid and assistance to those who were already committing aggression in Korea and by engaging in hostilities against United Nations forces there, has itself engaged in aggression in Korea;

Calls upon the Central People's Government of the People's Republic of China to cause its forces and nationals in Korea to cease hostilities against the United Nations forces and to withdraw from Korea;

Affirms the determination of the United Nations to continue its action in Korea to meet the aggression;

Calls upon all States and authorities to continue to lend every assistance to the United Nations action in Korea;

Calls upon all States and authorities to refrain from giving any assistance to the aggressors in Korea;

Requests a committee composed of the members of the Collective Measures Committee as a matter of urgency to consider additional measures to be employed to meet this aggression and to report thereon to the General Assembly;

Affirms that it continues to be the policy of the United Nations to bring about a cessation of hostilities in Korea and the achievement of United Nations objectives in Korea by peaceful means, and requests the President of the General Assembly to designate forthwith two persons who would meet with him at any suitable opportunity to use their good offices to this end. Text ends. Ends.

53. 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 88 New York, January 20, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 60.
Following from Pearson, Begins: At a meeting this morning, attended by Riddell and Holmes, including United States, United Kingdom, French, Australian representatives, Lacoste reported that he had not received instructions and that he could not possibly be a co-sponsor today, although it was possible he might be in a position to co-sponsor on Monday. During the discussion he indicated that it was improbable France would co-sponsor if the text remained as contained in my teletype No. 87 of January 20th.

2. Jebb said that the Foreign Office was maintaining the view that the resolution should be divided into two parts, and he had been instructed not to co-sponsor.

3. Shann said that Australia would co-sponsor. Before the meeting Shann told us that he had received directly contrary instructions from Spender in Canberra and from Menzies in London, but he was following those from his own Minister. Gross said that they could not possibly delay tabling the resolution. On the understanding that they would have a fairly representative group of co-sponsors, they had decided to put forward the text he had given us Friday night (my teletype No. 87) and not to revert to their original proposals. The co-sponsors in addition to Australia would be Cuba, Uruguay, Colombia, Peru, Greece and Turkey, all of whom would prefer a stronger original draft but would go along with Friday night revision. The Philippines and Thailand were awaiting instructions but would probably co-sponsor. South Africa and the Netherlands were almost possibles. Lacoste and Jebb said, however, that the Netherlands instructions were to co-sponsor if either France or

the United Kingdom did so as well. When Lacoste asked the American attitude on making changes to broaden support, Gross said the State Department, after nursing the illusion for some time that they might draw in some of the Asians by careful wording, now believe that no changes in the language would affect those who are determined to abstain.

4. In the course of the meeting Riddell said that the text as submitted by the United States delegation late Friday had been communicated to the Prime Minister, but we had not yet had an opportunity to learn his views. We had reason to believe, however, that two amendments which we had previously suggested concerning the finding of aggression and the settlement of Far Eastern questions would seem more important to the Prime Minister now than they had previously. One of these amendments had been incorporated only in partial form, and the other had not been incorporated at all. We had therefore, no reason to believe therefore that we would be in a position to sponsor as a result of further instructions.

5. Later in the discussion, in reply to a question concerning amendments, Riddell said that our proposals for revision had been made not simply for the purpose of gathering support, but because we thought the proposed text more clearly represented the policy which the Canadian Government thought acceptable in the circumstances. He said he was not sure whether this attitude could be made clear in the Canadian statement on the resolution or, alternatively, whether it might be considered necessary to introduce amendments. He said he was inclined to think that the former would be the case. Ends.

DEA/50069-A-40

54.

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-265

Washington, January 20, 1951

TOP SECRET. IMMEDIATE.

Repeat Permdel No. 49.

KOREA

Following from Matthews, Begins: State Department asked to have someone attend this afternoon to let us hear text of a message sent to their delegation in New York outlining the provisions the United States would advocate in the recommendations of the Collective Measures Committee. Their message is to be repeated to United States Embassy in Ottawa. State Department do not know when or how fully the contents will be passed on to our delegation or to the Department.

2. The memorandum was described as containing the "tentative views" of the United States Government which are "sufficiently crystallized" to form the basis of discussions.

3. The memorandum comments on possible sanctions that might be recommended by the Collective Measures Committee under three heads as follows:

(a) *Military*

The United States has not and will continue not to advocate the "present extension" of the area of hostilities. The United States does not consider that the passage of the proposed resolution condemning China as an aggressor would constitute authorization of extension of hostilities to the Chinese mainland nor would it constitute permission to bomb China within the meaning of the President's statement. If the resolution is passed the United States does not "in the present circumstances contemplate asking the Collective Measures Committee to recommend any military operations against Chinese territories".

At the request of General Marshall a caveat has been added stating that the United States Government as the Unified Command, has always maintained it must reserve the right to take action essential to protect United Nations forces under its command e.g. in the event of large scale air attacks against United Nations forces from Manchurian bases there must be freedom to bomb the air fields from which the attacks are mounted: if Chinese Communist forces attack outside of Korea the United Command must be free to counter attack.

State Department points out that in the event of an extension of hostilities of the kind referred to they would consult with other countries, particularly those whose troops were involved.

(b) *Economic*

The memorandum points out that the United States has applied a complete trade embargo and would wish the Collective Measures Committee to explore the possibility of recommending economic sanctions by all members of the United Nations. The United States is aware that some countries would have strong objections to a full embargo and therefor to preserve the greatest unity possible would be willing to accept selective embargo covering key items for the Chinese Army or directly serving war potential — this should include petroleum products, munitions, equipment and commodities directly employed in the production of munitions. These items are in the United States view an irreducible minimum.

Commenting on this it was pointed out that the proposals did not go further than the present practice of the Western nations but it is considered that approval of the present practice is desirable.

(c) *Political*

While the United States would consider itself justified in asking for a rupture of relations by those countries that have already recognized Communist China they realize such action would be just a forward gesture and would be resisted strongly by several countries. They therefor propose that the Collective Measures Committee should recommend that no additional countries should recognize the Chinese Communist Government and that that Government should not be seated in any United Nations organization.

It is also proposed the Committee should recommend that the Assembly adopt a resolution that United Nations should not recognize any territorial gains resulting from Chinese Communist aggression.

4. Commenting on these proposals State Department said they hoped that their adoption would hamper China in future campaigns, would result in a greater drain on Russian resources and might help to persuade China to change the terms upon which she would be ready to negotiate a settlement. Ends.

DEA/50069-A-40

55.

Le secrétaire d'État par intérim aux Affaires extérieures au représentant permanent auprès des Nations Unies

Acting Secretary of State for External Affairs to Permanent Representative to United Nations

Ottawa, January 20, 1951

TELEGRAM 86

SECRET. IMMEDIATE.

Following for Minister from Heeney, Begins: Further study in the Department of the texts of telegrams 84† and 85† of January 19 from New York containing Hutchison's[15] account of his interview with Vice-Minister Chang and the summary of Panikkar's interview with Chou En-Lai do not in our opinion bear out the view that the Chinese attitude is clearly and uncompromisingly negative.[16] This applies in particular to their attitude on the crucial question of whether the negotiation on political issues should follow the cease-fire or not. While the Chinese may be deliberately confusing this issue, there is at least a possibility that genuine misunderstanding exists and that there is a confusion in their minds between negotiations leading up to a cease-fire and negotiations on the political issues. In this connection it should be noted that Chou En-Lai is reported as having said to Panikkar that "as regards Korea, cease-fire must in practice be reached by three stages — agreement in principle, negotiations on conditions and implementation". In this connection Chou En-Lai quoted from the text of the Chinese reply "no matter what the agenda and substance of negotiations are if a cease-fire should be arranged without being preceded by negotiations to determine conditions for a cease-fire then negotiations after cease-fire would be drawn out in endless discussions without solving any problem". With this general proposition we would, I suppose, be in agreement. What we fear, of course, is the main political negotiations being conducted under military duress. We have as yet no unequivocal indication that such is the real Chinese intention. While even a slender doubt on this all important point remains, it should surely be cleared up.

Perhaps it is worthwhile at this point summarising our own view of what would be an acceptable basis for opening negotiations. We do agree with the Chinese that

[15] Sir John C. Hutchison, chargé d'affaires du Royaume-Uni en République populaire de Chine. Sir John C. Hutchison, Chargé d'affaires of United Kingdom in People's Republic of China.
[16] Voir/See *DBPO*, Series II, Volume IV, p. 310.

the first steps should be those which they suggest, agreement in principle to a cease-fire, negotiations of conditions and implementation. These negotiations would presumably be under-taken by a new United Nations Cease-Fire Committee and concurrently as to detail by the U.N. military authorities on the spot. During this period of negotiation it is to be hoped that there would be a lull in hostilities in Korea but we could hardly demand this as a formal pre-condition as the Cease-Fire Committee has already shown itself willing to discuss conditions for a cease-fire with the Chinese representatives in New York while fighting was going on in Korea.

The implementation of the cease-fire and the opening of the Seven-Power Conference could be simultaneous (preparations for the conference could proceed concurrently with the cease-fire negotiations). The conference would meet with an agenda agreed on in advance, the first item of which would be the question of Chinese representation in the U.N.

In our opinion this programme would not represent any departure from the U.N. communication of January 13 to the Chinese Government but would be a spelling out the practical consequences of that message. Our doubt is whether the message has been clearly understood in these terms by the Chinese and whether they would in fact turn down a proposition of this kind. It may be that they would do so because they have already made up their minds in favour of war. It may be that they are genuinely afraid of a trap by entering into which they would lose military advantage and that when the Americans had built up forces they would break off negotiations and return to the offensive. On the other hand, it would always be open to the Chinese at any stage, either in the cease-fire negotiations or the conference to break off negotiations themselves and to return to the offensive. The American and Far Eastern Division think that there is a substantial element of fear in the Chinese position — that they fear a war with the U.S. but dare not show this feeling. If this is so, the case is one which calls for delicate handling. The more so as the Russians are no doubt continually playing on Chinese fears. It must be recalled that it was the Soviet Union which jumped the gun in turning down the U.N. proposals of January 13 before the Chinese had a chance to reply to them. As you recall this was done by Malik in the First Committee and also by articles in *Pravda*. It may be that some of the obscurities in the Chinese reply are dictated by their necessity of meeting Soviet pressure (and ensuring the delivery of Soviet aid in the event of war), while at the same time putting out faint feelers in the direction of a peaceful solution which they may really desire.

The above considerations all point in our view at the desirability of delaying a condemnatory resolution in the Political Committee until further clarifications have been obtained from Peking. Other arguments pointing in the same direction are:

(a) We are still relying on Hutchinson's summary of Panikkar's account of his interview with Chou En-Lai. We should certainly see Panikkar's own account of this very important conversation with the Chinese Foreign Minister before taking action in the Political Committee.

(b) We have now had a reply from Nehru to the Prime Minister's message indicating that Panikkar will be instructed to seek further clarification from Peking. In

view of the obscurities in the Chinese reply to which reference has been made above, we should await this clarification. Moreover, we would be in a somewhat awkward position vis-à-vis Nehru if we voted for the condemnatory resolution before the Indian Ambassador in Peking had had time to get clarification which we ourselves have requested.

(c) Nehru reiterates in his latest message his view that the passage of a condemnatory resolution would "probably make negotiated settlement impossible". This view must be given full weight insofar as it affects the prospect of further attempt at a peaceful solution following on a condemnatory resolution.

We are well aware of the strong pressure from the American side to press forward with a condemnatory resolution. You will know better than we do what chances they have of obtaining the necessary two-thirds majority in the Committee. Meanwhile, we feel that however faint may be the chances of agreement, we should if at all possible wait until we have a perfectly clearcut negative by the Chinese to the proposals of January 13 before proceeding to a vote. We do not feel that, on the basis of the material available to us, we have at present a firm Chinese turn-down, especially on the crucial point of negotiations preceding or following the cease-fire.

DEA/50069-A-40

56.

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 21 New Delhi, January 22, 1951

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 93.
Reference my telegram No. 17 of January 21st.†

Menon called me in this afternoon to say that there was no answer yet from Panikkar but to explain Nehru's views pending this. Nehru much appreciates Canada's efforts. While he acknowledges difficulty of delaying United Nations resolution when Chinese procrastinate in answering, he points out that, as in fact there seems to be no present fighting, there is no immediate urgency.

2. Nehru's telegram to Panikkar following his message of January 19th to Mr. St. Laurent had to be relayed through Delhi and three questions may not have gone then in such specific form as they went yesterday. Panikkar saw Chang Han-Fu, General Secretary, at 7 p.m., Sunday, prior to receiving yesterday's instructions from Menon and discussed substance of three questions without getting clarification, but Han-Fu promised to put them to Chou En-Lai and get earliest reply.

3. Following yesterday's cable, presumably Panikkar will have further interview.

4. Chinese Cabinet was in continuous session for two days before their earlier answer.

57. DEA/50069-A-40

Extrait d'un télégramme du représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 92 New York, January 22, 1951

RESTRICTED. IMPORTANT.

Repeat Washington No. 65.

KOREA

1. At the meeting of the Political Committee at 3.00 p.m., Saturday, 20th January, the first speaker was Austin, who introduced the United States resolution. The text of this resolution was identical with that contained in my teletype No. 87. The United States introduced the resolution without any co-sponsors. In introducing the resolution, Austin said: "My Government believes that the time to draw the line is now. By standing together in Korea we support the United Nations Charter and preserve the principle of collective security." The representatives of Haiti, the Dominican Republic, Uruguay, Greece, Colombia, Cuba, Peru, Panama and Turkey all spoke in support of the United States resolution.

. . .

4. Much the most important statement of the day was that made by Rau of India near the end of the meeting. He said that Peking's reply was not an outright rejection of the cease fire group's principles, but amounted to "partly acceptance, partly non-acceptance, partly a request for elucidation, and partly a set of counter "proposals". He then proceeded to examine these counter-proposals in conjunction with the principles of the cease fire group and contended that there was room for negotiation and "adjustment" between the two sets of proposals. He said that clarification of Peking's reply was urgently needed and that the United Nations would not lose prestige by continuing to negotiate with a government which might be considered "a rebel against the United Nations". He pointed out that Indian leaders had rebelled against British authority in India but that this fact had not prevented Britain from negotiating with these leaders, and that today "the prestige of the United Kingdom has never stood higher in India". Rau spoke on the United States resolution only in general terms, but he made it clear that India would strongly oppose the resolution. He asked what useful purpose would be served by merely branding the Peking Government as an aggressor. So far as sanctions were concerned, he states that "the severing of diplomatic relations will isolate China even more than at present. Economic sanctions, even if feasible, will fall mainly on the people of China, who no one desires to penalize. If so, what exactly is the purpose of this stigmatization?"

5. Rau said that if such a policy of naming China an aggressor were adopted, "the present tension in the Far East would be perpetuated and would continue

unabated". He concluded by saying that "my government is opposed to so disastrous a course".

. . .

DEA/50069-A-40

58.

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

New York, January 22, 1951

TELEGRAM 94

TOP SECRET. MOST IMMEDIATE.

Repeat Washington No. 66.
Following is text of telegram received by Sir B.N. Rau from Indian Ambassador, Peking, through Foreign Office. Text begins:

Please communicate following reply of Chinese Government to Pearson for transmission to Mr. St. Laurent immediately.

We are glad to hear of the continued efforts of Mr. Nehru the Prime Minister of India for settling peacefully the Korean problem and for securing peace in the east and of the participation of Mr. St. Laurent, the Prime Minister of Canada, in the efforts for settling peacefully the Korean problem. With regard to the two points raised the reply is as follows:

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

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

(3) The definite affirmative of the legitimate status of the People's Republic of China in the United Nations must be ensured. Text ends.

59. DEA/50069-A-40

Note du secrétaire d'État aux Affaires extérieures et du représentant permanent auprès des Nations Unies

Memorandum by Secretary of State for External Affairs and Permanent Representative to United Nations

SECRET [New York], January 22, 1951

STEPS TO BE TAKEN IN THE LIGHT OF CHINESE REPLY TO QUESTIONS SENT BY MR. NEHRU

1. Political Committee should designate some body (probably Cease Fire Group) to consider whether, on the basis of Chinese replies, definite programmes for cease-fire and negotiations can now be proposed.

2. Programme for cease-fire and negotiations might be considered along following lines:

(i) Seven-power conference to be convened within one week at New York or Lake Success.

(ii) At the moment conference convenes, orders for a cease-fire (and stand-still) to be given to all commanders;

(iii) Conference agenda to be as follows:

(a) arrangements for cease-fire on basis of proposals[17] outlined in paragraph 4 of Document A/C.1/643;

(b) Arrangements for the establishment of a free and independent Korea;

(c) Arrangements for the withdrawal of all non-Korean troops from Korea which shall inc[lude] _____;

(d) Arrangements for the peaceful settlement of other Far Eastern problems. During this part of the discussion, other states might be associated with the work of the conference as found appropriate. In regard to the question of the representation of China in the United Nations, conference could agree to give whatever advice it found desirable to the United Nations Assembly.

3. Programme along the lines indicated above should then be considered by the Political Committee, and if found acceptable, referred to Peking for its acceptance.

[17] C'était le "Rapport du Groupe chargé de la question de la cessation des hostilités en Corée" du 2 janvier 1951. Voir Canada, ministère des Affaires extérieures, *Documents sur la Crise Coréenne*, Ottawa, Imprimeur du Roi, 1951, pp. 21-31.
This was the "Report of Group on Cease-Fire in Korea" of January 2, 1951. See Canada, Department of External Affairs, *Documents on the Korean Crisis*, Ottawa: King's Printer, 1951, pp. 19-28.

DEA/50069-A-40

60.

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

New York, January 23, 1951

TELEGRAM 104

RESTRICTED

Repeat Washington No. 73.

KOREA

1. At the meeting of the Political Committee at 3.00 p.m. Monday, 22nd January, the first speaker was Rau of India, who said that the Indian Ambassador in Peking had submitted to the Chinese Foreign Office a request for clarification of three points in Peking's reply to the cease-fire proposals. Rau then proceeded to read out the text of Peking's additional reply which had been transmitted through the Indian Ambassador. In my immediately following teletype† en clair I am sending you the text of Rau's statement. In the light of this further reply from Peking Rau said that many delegations would require time for "further consultations and particularly for obtaining new instructions" and, accordingly, he suggested that the committee should adjourn for forty-eight hours, after giving representatives an opportunity for preliminary comment on this further reply from Peking.

2. In the discussion which followed the representatives of the Philippines, Greece, Turkey, Chile, El Salvador and the United States opposed the adjournment, while it was supported by Jebb of the United Kingdom, Eban of Israel and Fawzi Bey of Egypt. During this debate a number of additional Latin American states, as well as the Philippines, reiterated their support for the United States resolution.

3. In supporting Rau's request for an adjournment Jebb said the communication read by Rau was "obviously of great interest and importance" and that, on the face of it, it seemed to leave the impression that Peking had come closer to accepting the cease-fire principles than had been indicated by the previous reply. Eban spoke more cautiously, but said that the document read by Rau required close study and that, for this reason, the committee might well adjourn. Fawzi intervened several times to support the proposal for adjournment and urged the committee to resist "outside pressures" which were trying to push it forward into hasty action.

4. In opposing the adjournment Romulo said that the committee could not adequately study the message read by Rau unless it was also given the text of the questions addressed by the Indian Government to Peking. Both the questions and the reply were needed by the committee if it were to take cognizance of the matter. To this Rau replied that he was not in possession of the text of India's communication to Peking and that he had already given to the committee "all the materials I have".

5. In attacking the motion for adjournment Austin made an angry and emotional statement which dismissed the communication read by Rau as being "not much more than a postal card". He also charged that this reply from Peking was a "transparent effort to divide the free world". Austin spoke contemptuously of those members of the committee who attached importance to this communication and who wanted to "hug it to their bosoms". Meanwhile, the "very large majority" of the committee who supported the United States resolution should get on with the "pending business" — i.e., adopt the United States resolution.

6. The substance and tone of Austin's outburst were so provoking that it no doubt influenced a number of delegations, who had not yet made up their minds, to support the motion for adjournment. In any case, the motion was finally approved by the committee by a vote of 27 in favour, including Canada, 23 against, and 6 abstentions. The vote was by show of hands and it was not possible to check the vote of each delegation. However, all the Commonwealth countries, except New Zealand and Australia, supported the motion for adjournment, as did France and the Soviet bloc. Australia and Belgium abstained and New Zealand voted against the adjournment. Nearly all the Latin Americans voted with the United States against the motion, while the Arab and Asian delegations naturally supported it.

7. The next meeting of the committee will accordingly be at 3.00 p.m., Wednesday, 24th January.

61. 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 100 New York, January 23, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 70.
Reference my immediately preceding teletype.

Rau asked me to come and see him this morning, saying that he now had views as to the next step to be taken in the Political Committee as a result of the most recent communication from Peking. He gave me a copy of a draft resolution,† text of which is given in my immediately preceding teletype. He said that he had received clearance from his government to propose this resolution, and that the eleven Asian states were prepared to be associated with him in proposing it. Asian states were meeting him at six o'clock this evening, and decision would then be taken whether or not to propose this resolution when Political Committee meets tomorrow (Wednesday).

2. Rau said that he had no idea what the United States reaction would be to this proposal, and he had rather hoped that you would be prepared to discuss it with the

United States delegation. He said that he was anxious also to have the benefits of your comment and advice before he met his Asian colleagues this afternoon.

3. You will notice that effect of the draft resolution is to provide for immediate convoking of a seven-power conference, object of which will be to clarify the obscurities in the Chinese position. In other words, it would be a conference to determine whether or not negotiations for a cease-fire and for a Far Eastern settlement could take place. I remarked to Rau that, in spite of its limited terms of reference, a conference of this kind might appear to concede the principle that a cease-fire must precede a negotiating conference. We had of course always recognized that the cease-fire itself might have to be a subject of negotiation, and it had never been specified where the negotiations about the cease-fire should take place. To summon a seven-power conference before any commitment, even in principle, of the cease-fire had been taken might create difficulty.

4. I asked Rau whether he and his Asian colleagues had considered, as an alternative, the possibility of proposing a rather more precise formula providing for a seven-power conference to establish a cease-fire and then to arrange a peaceful settlement in Korea, arrange for withdrawal of troops, and proceed with the discussion of other cease-fire problems. (I spoke along the lines of the memorandum which I gave to you yesterday.) Rau said that they had considered proposals of this kind and that his Asian colleagues were prepared to amend the second Asian resolution in almost exactly the terms I had mentioned. He did not himself at the moment have instructions which would enable him to do this, but he thought he might be able to obtain the necessary clearance. If it were your view that a course of action along these lines were preferable, he and his Asian colleagues would seriously consider proceeding in that manner. He said, however, that there were certain disadvantages to this course of action that should be kept in mind. A communication to the Chinese along the lines suggested would necessitate a delay for reply. The reply would probably be equivocal, and a further delay might be necessary for further clarification. The principal advantage of the proposal contained in the draft which he gave me was that it would get around the delay and frustration caused by a sequence of communications back and forth across the Pacific. He did not, however, seem to have strong views one way or the other as to which course of action would be preferable.

5. I told Rau that I would send you immediately the text of his draft resolution and an account of our conversation.

62. DEA/50069-A-40

Note du chef de la Direction des Nations Unies

Memorandum by Head, United Nations Division

SECRET [Ottawa], January 23, 1951

KOREA

The following is the text of a note which I received from the Minister in mid afternoon, January 23. In accordance with the Minister's instructions, I telephoned the message immediately to Mr. Riddell.

"Will you tell Mr. Riddell that the P.M. is very interested in the detailed proposals for a 7 Power Conference along the lines of our memo — though to meet the U.S.A. position we should emphasize that other countries would be included for particular questions. He would not mind my putting the idea in my speech but would hope that a Resolution would be sponsored by the Asians — or by a group, U.K., Canada, France, etc. — letting the U.S.A. know and emphasizing that this was a 48 hour take it or leave it proposition.

A general Resolution such as that suggested by Rau would not *do* from our point of view. Riddell should get into touch with Rau accordingly — emphasizing that the delay would not be for more than 48 hours and the resolution must be drawn in such terms that a *definite* acceptance or rejection must be received within that time. I would hope that Rau would accept responsibility for this but if not it should be put in tomorrow by some one if it is to be any use."

JOHN W. HOLMES

63. 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 97 Ottawa, January 23, 1951

SECRET. MOST IMMEDIATE.

Following for Riddell from Holmes, Begins: The following is the Minister's rough draft resolution which I mentioned to you on the telephone:

"Having received the observations of the Central People's Government of the People's Republic of China to the statement of principles submitted to it by the Chairman of the Political Committee on January 11, and taking into account the statement of the Delegate of India reporting a clarification that his Government had received from Peking on certain points of that reply, the Political Committee recommends the following programme for a cease-fire in Korea and a peaceful settlement of Korean and Far Eastern problems:

(1) A conference of the following seven powers to be convened at Lake Success or New Delhi on (approx. Feb. 5): U.S.S.R., U.S.A., U.K., France, People's Republic of China, India and Egypt.

(2) Immediate instructions from this conference to those concerned that there should be a cease-fire and stand-still in Korea within twenty-four (?) hours.

(3) The negotiation at once of a more permanent cease-fire and arrangements on the basis of the plan submitted in the report of the cease-fire group of January 11, this arrangement to remain in effect until superseded by a peace settlement as outlined below. (It is understood that if a cease-fire arrangement is broken by either side, it is null and void).

(4) A peaceful solution of Korean problems in accordance with the principles laid down in paragraphs 2 and 3 of the statement of principles of January 11, and withdrawal from Korea of non-Korean forces, which shall include Chinese nationals and forces. (The Minister suggested that UNCURK should be given some responsibility for the solution of Korean problems although he recognized that it would be necessary for Peking representatives to be associated with it in some way for this purpose).

5. The discussion of Far Eastern problems in accordance with paragraph 4 of the above statement, and as the first item of such discussion, the request of the Central People's Government for a definite affirmation of the legitimate status of the People's Republic of China in the United Nations. For this matter the seven power conference would take the place of the Assembly Committee on representation which was instructed to report to the Assembly.

(6) In the discussion at the above conference of such subjects as the representation of China in the U.N. or the status of Formosa, any Government specially concerned shall be invited to participate.

(7) This recommendation to be transmitted at once to the Central People's Government with an indication that a reply is required within forty-eight hours of its receipt in Peking in order that the conference may be convened on the date fixed. Ends.

DEA/50069-A-40

64.

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 109 New York, January 23, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 77 (Immediate).
Reference to teletype No. 97 from Holmes, and to instructions telephoned by Holmes at four o'clock this afternoon.

1. In view of indications which we have now received from various sources of the vigorous and apparently uncompromising opposition by the United States Government to any effort to seek clarification of recent Chinese communication through Panikkar at the expense of further delay in dealing with their resolution, I have hesitated to carry out your instructions precisely. It has seemed to me that if I communicated to Rau the details of a resolution as contained in your teletype No. 97, and encouraged him in too forthright a manner to have the resolution tabled, that we would in effect be committed to supporting it. This commitment might prove embarrassing, in view of the fact that it may be difficult to get the Asian States to accept all of the points contained in our resolution.

2. In these circumstances, I told Rau that I had heard from you to the effect that you were in favour of seeking further clarification on the Chinese position by some method, that you thought a resolution along the lines that I had already indicated would be a useful way of doing so, that the effect of such a resolution would, however, be lost if it were opposed uncompromisingly by the United States, that we had no idea at the moment whether the United States would be prepared to acquiesce in a resolution along the lines we had suggested, or even in any modification of such a resolution. It seemed necessary therefore, before a decision was taken as to the method by which a further clarification should be sought from the Chinese, to determine whether the United States delegation would modify the decision which it was now taking. I added that, if any resolution along the lines indicated were put in, you felt very strongly that it should have a forty-eight hour time limit, as suggested in paragraph 7 of your telegram under reference.

65. 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-280 Washington, January 23, 1951

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 54.

KOREA

1. Dean Rusk, Assistant Secretary for Far Eastern Affairs, phoned Ignatieff this morning to express State Department perplexity at the way in which the latest message from the Chinese Communist Government had been announced publicly in the Political Committee yesterday. Rusk said that it was understood in the State Department that the message, which had come in some time in the forenoon, had been the subject of discussion between certain delegations, but that the first notice the United States Government (which was most directly concerned) had of this message was the statement made by Sir Benegal Rau in the Political Committee. This procedure, Rusk said, resulted in a disagreeable reaction in Washington. He

added that the purpose of his remarks was not to lay any complaint against any individuals, but merely to report a fact that the State Department took exception to the procedure which had been followed.

2. Rusk went on to say that it would be helpful to the State Department to have an indication of the status and significance to be attached to the Peiping message. It was the State Department understanding that the message had been received by Sir Benegal Rau from the Indian Ambassador in Peiping. The State Department would like to know whether it was an oral message made to Panikkar in the course of a conversation or whether it was a more formal written reply, made in reply to certain questions put in writing to Peiping.

3. Rusk did not offer any comment on the substance of the Peiping message. In a conversation with Hayden Raynor, however, Ignatieff's attention was drawn to Reston's article on the front page of the *New York Times* today which he said was a fairly accurate reflection of some of the initial State Department reactions. Raynor went on to say that, from the United States point of view, it would be hoped that the resolution now pending before the Political Committee would be passed, not closing the door, however, to the possibilities of reaching a peaceful settlement. On a point of detail, Raynor observed that the proposed membership for the 7-power group could not be acceptable to the United States Government. It excluded a number of Governments whose interests would be most directly concerned in any of the negotiations envisaged. He thought that a solution might be worked out both by changing the nucleus of the proposed group as well as altering the membership according to the different subjects of the agenda being discussed. Thus, France would have to participate in any discussion of Indo-China, the Nationalist Government would need to participate in the discussion of Formosa and provision might have to be made for participation of Australia and New Zealand in the discussion of some Far Eastern questions.

4. We have withheld comment on the State Department's reactions pending guidance from you on what may be said concerning our part in the messages exchanged with Peiping. Ignatieff merely undertook to draw Rusk's comment to your attention.

DEA/50069-A-40

66.

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-293 Washington, January 23, 1951

SECRET. MOST IMMEDIATE.

Repeat Permdel No. 56 (Immediate).

KOREA

1. After lunch, Jack Hickerson got in touch with us by telephone to say that it had been decided that the United States delegation would be instructed to press for the adoption of the condemnatory resolution pending before the Political Committee.

2. The latest message from Peiping had been analyzed in the State Department and the only new content, in their opinion, was the idea that the cease-fire should be the first item on the agenda of a 7-power conference which would be called to discuss a broad agenda of Far Eastern questions. The United States view of a cease-fire, he said, still remained unchanged; it should be accepted outright by all concerned and the details worked out between the military commands in the field. The negotiations now suggested seemed to provide for a temporary cease-fire with the Chinese Communist forces apparently reserving the right to resume hostilities any time the negotiations on the other matters proved unsatisfactory to them. Hickerson said the United States insisted that negotiations should not be under duress.

3. Hickerson also said that he would not be frank if he did not say that the State Department had been surprised that there had been no consultation with the United States before an approach had been made to Peiping for clarification of their position on the cease-fire. He said that it was quite realized that the governments were at liberty to make approaches of this kind, but, in the view that any negotiations with Peiping should be under United Nations auspices and under conditions approved by the General Assembly and not under the auspices of a select group of governments. Hickerson said the United States would oppose any further approaches under United Nations auspices to the Peiping Government with regard to a cease-fire.

67. 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-177 Ottawa, January 25, 1951

SECRET. IMMEDIATE.

Repeat Permdel No. 110 (Important).

KOREA

Your telegrams No. WA-280 and 293 of January 23.

1. You may explain to Rusk and Hickerson the following circumstances in connection with the latest message from Peking.

2. Our inquiry was in no sense a negotiation with the Peking Government. We were puzzled by the obscurities in the first Chinese reply, and as we had no channel through which to seek clarification directly, the Prime Minister quite naturally asked Mr. Nehru if Panikkar might be able to find out the real intentions of the

Chinese. We assumed, as no doubt everyone else assumed, that Panikkar and other representatives in Peking would be trying to find out what the Chinese meant by their reply. We were very much surprised ourselves when the reply came back in what seemed to be a direct reply to Mr. St. Laurent from Chou En-Lai. The reply was a formal written communication.

3. The reply was transmitted to Rau in New York who sent me a copy. This reached us late Monday morning, not long before we left for Lake Success. There was, therefore, no time to discuss the matter with our friends, particularly as we had first to consider the attitude which we would adopt. I did not consider, furthermore, that I had the right to pass on a message which, in the form in which it reached us, appeared to be addressed in the first place to Rau. There was no time even to consider fully with Rau how this would be presented, and we did not know until we reached Lake Success that Rau intended to make public the message. It was my intention, of course, to discuss the matter with the Americans. The reason I did not speak to them before the meeting was that there was not time after our arrival, and, furthermore, I learned that Jebb had shown the text of the telegram to Gross. It is not quite true to say that the U.S. Government learned of the message first from Rau's statement. They were given as much advance warning as anyone else, with the exception of the U.K. who happened to be the technical agents for transmitting the message to Rau.

4. You should remind Rusk that at a meeting last Friday in New York to discuss possible amendment of the U.S. resolution, I told Gross and the others present that the Prime Minister was in communication with Nehru about the meaning of the Chinese reply. That was all there was to be said on the subject until just before Monday's meeting.

5. I see no reason at all why we were under any obligation to give the Americans full details of an informal exchange of messages with another Commonwealth government. As for consulting the Americans about the enquiry, they had made themselves so clear on the subject of the Chinese reply, even to the extent of producing a precipitate rejection, that there was really no point in asking for any clarification of their views. We had certain doubts about the meaning of the Chinese reply, and they obviously had none.

6. You might also point out to the State Department that Monday was a very difficult morning for us. Before receiving the unexpected reply from Peking, we had had the unpleasant shock of Gross's apparent revision of U.S. policy reported in the morning papers, about which we had had no advance notice. With this to consider, as well as the message from Peking, I could not mention the matter to anyone until I had had an opportunity to discuss our situation thoroughly with Ottawa.

7. We consider that we have no reason at all to be apologetic about our actions. You should be careful to avoid, furthermore, any suggestion that we are passing any blame on to the Indians.

68. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 24, 1951

. . .

INTERNATIONAL SITUATION; RECENT DEVELOPMENTS

42. *The Secretary of State for External Affairs* said that recent developments in the United Nations with respect to the Korean problem seemed to indicate that the United States had never been truly convinced of the wisdom of the United Nations accepting the Statement of Principles which had been submitted to Communist China some time ago. Although the first reply from Peiping had seemed at first glance to be unsatisfactory to the point of being unacceptable, subsequent clarifications obtained through the Indian Ambassador to Communist China had indicated that the door was not closed to further negotiations. U.S. representatives, however, were not inclined to accept these clarifications as the basis for further negotiations or the actual calling of a peace conference but were still pressing for adoption of a resolution condemning Communist China as an aggressor and calling upon the Collective Measures Committee to recommend what further steps should be taken. The U.S. resolution, as introduced in the First Political Committee, had been modified to meet, partially at least, the views of the United Kingdom, Canada and other member nations. The U.S. position in this matter had been supported only by the Latin-American countries, Turkey, Greece and the Philippines.

If and when the U.S. resolution came to a vote, it was recommended that the Canadian representative should voice Canada's interpretation of the true meaning of the resolution which was to the effect that Communist China had, in fact, assisted belatedly in an aggression which had been committed originally in June of last year by the North Koreans and that adoption of the resolution would in no manner grant automatic authorization to the Unified Command to carry out active operational engagements against Chinese territory. With these reservations, it was suggested that Canada should vote for the resolution as a whole.

43. *The Minister of National Health and Welfare* said that whether or not the reply submitted by Communist China was sincere this whole episode had had, as a practical result, the effect of causing a regrettable divergence of views between the United States and Canada. Every care should be taken to avoid any widening of this rift and indeed everything should be done to facilitate complete unity of views between western democracies.

44. *The Prime Minister* said that when the U.S. resolution was put to a vote, Canada should vote for it with an explanation as outlined by Mr. Pearson since the fact could not be avoided that Communist China had aided the aggressor in Korea.

45. *Mr. Pearson* said it was possible that Asian members might sponsor a resolution calling for the establishment of a four-power conference to review far eastern questions generally. Such a conference would include Russia, the United Kingdom,

the United States and Communist China. It seemed inadvisable for Canada to support such a resolution, if presented, since the participation of Communist China in a conference of this character while hostilities continued in Korea seemed clearly unacceptable.

46. *The Cabinet*, after further discussion, noted the report by the Secretary of State for External Affairs on recent developments at the United Nations respecting the Korean problem.

. . .

DEA/50069-A-40

69.

Extrait d'un télégramme du représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Extract from telegram from Permanent Representative to United Nations to Secretary of State for External Affairs

New York, January 25, 1951

TELEGRAM 121

RESTRICTED

Repeat Washington No. 85.

KOREA

1. At the meeting of the Political Committee at 3.00 p.m. yesterday, 24th January, Austin pressed for adoption of the United States resolution as being essential to preserve collective security. He stated that "if any one of us is attacked, each of us would in that situation desperately ask the United Nations to provide the unified support of every other government in the world to meet the attack. How can we bring that about for our own countries? Only by a determination to take united action to support each other faithfully and vigorously when an act of aggression occurs." Austin also analyzed the additional reply by Peking read by Rau at the meeting of 22nd January (my teletype No. 105)† and dismissed this as being "another rejection" of the cease fire principles.

. . .

4. During the meeting the twelve Asian-Arab states circulated a revision of their previous draft resolution, but none of them have yet had the opportunity to formally introduce it. The text of this new Asian resolution is contained in my teletype No. 118.† It is expected that Rau will formally introduce it at the next meeting of the committee today, 3.00 p.m., 25th January.

70. 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 131 New York, January 26, 1951

Repeat Washington No. 91.

KOREA

1. The Political Committee held a meeting this morning (26 January) and adjourned until tomorrow morning without holding an afternoon meeting. The reason for the adjournment was a Latin-American suggestion that, as today is "Republic of India Day", it would be a courtesy to India not to meet in the afternoon. This was adopted without discussion, and the meeting rose at 2 p.m.

2. The first speaker at today's meeting was Mr. Pearson. A fairly full summary of his statement is contained in press release GA/PS/422 on the United Nations teleprinter. I shall send you by bag copies of the verbatim transcript of Mr. Pearson's statement as delivered.[18]

3. Apart from Mr. Pearson's statement, by far the most important other statement today was that of Eban of Israel, who spoke in a very similar manner. I am commenting separately on Eban's statement and on other behind-the-scenes developments today.

4. There are still a number of representatives on the Speaker's list, and it is by no means certain that a vote will take place tomorrow, although this seems quite possible if two meetings are held. It also seems probable that, prior to voting on either the United States or Asian resolutions, a procedural battle will develop as to which of these resolutions has priority in the vote. The Asian group have introduced their present resolution in the form of a revision of their resolution of 12 December, and will argue that for this reason it has priority over the United States resolution.

[18] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours*, 1951, N° 2.
See Canada, Department of External Affairs, *Statements and Speeches*, 1951, No. 2.

DEA/50069-A-40

71.

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

New York, January 26, 1951

TELEGRAM 133

SECRET

Repeat Washington No. 92.

1. After my statement this morning, first Jamali of Iraq and later Sir Benegal Rau told me that the Asian group would be considering this afternoon an amendment of their resolution to incorporate points which I had made. They both asked me how I felt about this. I said that we ourselves were not proposing any new resolution or any amendments to existing resolutions, but that naturally any suggestions made by our delegation could be utilized by any other delegation, if it saw fit. I pointed out to them both that in making the suggestions regarding a programme of cease-fire and negotiation, I had had in mind that this programme might be taken up by the Good Offices Committee immediately it was established. I agreed, however, that if these points were incorporated in the Asian resolution, it would probably command more support than it will at present. One objection to this course was that if the Asian resolution was voted on first, and defeated, with the amendments now suggested, it might be a little more difficult for the Good Offices Committee later to put forward those suggestions to the Peking Government. This, however, was not a difficulty of any great substance, I thought. Sir Benegal asked me point-blank whether we would support the Asian resolution if it were amended along the lines of our suggestions. I said that that would depend entirely on the form of the resolution as the Asians finally agreed on it. It would be difficult for us, certainly, to oppose it, and it might even be drafted in a way which would command our support if, in fact, it were voted on first. This question of priority of voting between the two resolutions, is, indeed, becoming of increasing importance, and we are not certain here what course we should follow in regard to it.

2. After the morning meeting, Gross of the United States delegation told me that the British had proposed to them certain amendments to their resolution which would have the effect of suspending action by the Collective Measures Committee until the Good Offices Committee had reported to the Assembly. They forwarded this suggestion to Washington where it was considered this morning at a Cabinet meeting and was rejected both by the President and the Secretary of State. Washington, however, has agreed to an alteration of their resolution by which the cease-fire group in its work would take into consideration the report of the Good Offices Committee. Gross did not think they would go any further than this.

3. Afterwards I had lunch with Jebb who explained to me the latest attitude of his Government toward the United States resolution, and their feeling now that if it

could be amended along the lines of the Israeli proposal,[19] and if it could be made clear that there would be no consideration of Collective Measures until the Good Offices Committee had reported, they would approve it. On the other hand, if these amendments could not be accepted, they would vote against the United States resolution, and they felt that several other delegations would support them in this course. I suggested to Jebb that the American reluctance to accept their amendment might be lessened if they attached a time limit to the work of the Good Offices Committee, say three or four weeks, and he said he would pass on this idea to London. I also pointed out to him that the amendment which the Americans had agreed to accept did, in fact, seem to accomplish what they wish, because it would mean that the Collective Measures Committee could be suspended until there was something to report to it from the Good Offices group. He was interested in this, and said that he hoped that his Government might, in the light of this interpretation, be satisfied with the United States amendment, if Washington would not accept anything else.

4. So far as we are concerned, I think that we should support the United Kingdom and Israeli amendments to the United States resolution if they are submitted or, alternatively, the United States amendment if that is all we can get. I should add that the Americans have also agreed to accept a small change to paragraph 2 which would alter the words "has rejected" to "has not approved", or something like that. This would make it possible for us to support that paragraph on which, in its present form, we would abstain.

5. I think that if the United States resolution can now be put in an amended form incorporating United Kingdom and Israeli ideas, it will get a very large majority. Otherwise, I think that though it will command 2/3 majority, there may well be 20 or 23 votes against and abstentions.

6. My own feeling is that things are moving at the moment in a better direction, and that there is still some possibility of a resolution which, by combining a condemnation with stronger provisions for cease-fire and negotiation, will command a very great measure of support indeed. This would, of course, be the most desirable result and we will do our best to bring it about. We should know pretty well where we stand on these matters tomorrow afternoon.

[19] La délégation israélienne a proposé un amendement à la résolution des États-Unis visant à inverser l'ordre des paragraphes 8 et 9.
The Israeli delegation proposed an amendment to the United States' resolution which reversed the order of paragraphs 8 and 9.

DEA/50069-A-40

72.

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

New York, January 26, 1951

TELEGRAM 134

IMMEDIATE

Minister has given permission to use following summary of Canadian statement in First Committee today which was requested earlier by Tremblay over telephone for transmission to posts abroad, Begins: Statement began with analysis of first efforts of cease-fire group, statement of principles January 11th, Peking note January 17th and subsequent clarification through India. Direct summary of remainder follows. Canadian delegation believes Political Committee would have been wise consider six point programme as test China's real intentions.

(1) Immediate conference United States, United Kingdom, France, USSR, India, Egypt, People's Republic; (2) First business appointment Cease-Fire Committee United States, People's Republic and members UNCURK to arrange immediate cease-fire before other items; (3) Conference to consider peaceful solution Korean problems and withdrawal foreign troops as in statement principles; (4) Discussion Far East problems as in paragraph 5 statement principles. (Conference could only express view on representation); (5) Governments with special interest would participate as appropriate; (6) United Nations to transmit programme to Peking and request answer 48 hours after receipt.

To ascertain such procedure worthwhile Canadian Prime Minister had asked India address clarification questions Peking. Canada would have liked see consideration given some such programme as outlined.

Asian resolution — is not best method reaching objective. Might lead discussion general questions without cease-fire, thus sacrificing basic principle cease-fire first.

United States resolution — decision on it difficult if one accepts sense responsibility under Charter and understanding where resolution may lead. Duty not discharged by joining in moral condemnation. Infinite patience has been needed maintain peace through United Nations. Even in present difficult situation Canada believes in continuing efforts find peaceful honourable solution of conflict and differences with China. We should be ready hold door open for further negotiations if reason believe successful. Could wish last paragraph United States resolution broader but if China has not closed door discussions could continue regardless this resolution. Statement of principles still stands.

Canada supports resolution since cannot deny fact Chinese forces participating in aggression. China must understand settlement impossible until participation ended. Resolution not declaration war nor intention destroy Peking regime but call Peking desist aggression engage peaceful settlement. Should recognize possibility

China imprisoned by own dogma and thinks acting self-defence. Should give further assurance our intentions.

Collective Measures Committee should recognize free world forces are limited and free world as whole under menace greater than Chinese. Should be aware Soviet complicity Korea. Must not be distracted into war with country when no basic grounds quarrel. Committee should have major objective peaceful settlement issues which can be settled while strengthening United Nations effort Korea. Should show wisdom restraint.

Canada's view resolution doesn't give Unified Command Pacific any authority not already possessed.

Some features resolution don't carry considered judgment Canadian delegation although will vote for resolution as whole, reserving position on amendments and paragraph two. Delegation thinks presentation such resolution when possibility negotiation with China not exhausted is premature and unwise. Supporting because main purport is condemn Chinese assistance aggressor. United Nations cannot ignore such defiance. Canada has honest differences with United States will continue press policies conducive peaceful settlement Far East. Text ends.

73. 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 31 New Delhi, January 28, 1951

TOP SECRET. MOST IMMEDIATE.

My telegram No. 30 of January 27th.
Repeat Most Immediate to the Minister in New York.

The Prime Minister asked me to transmit to our Prime Minister following message received from Panikkar. Message begins:

For the Prime Minister. I saw Chou En-Lai today at 3:30 p.m. and had an hour's discussion with him about your message. I explained to him at some length the necessity of consolidating world opinion by an affirmation of China's desire for peace and her adherence to the principle of settlement through negotiation. This was already known to friendly countries but needed to be emphasized in order to reach as wide a circle as possible and that "a conciliatory statement made in a proper way would rouse popular enthusiasm and produce favourable results in neutral and friendly countries". Chou, after expressing appreciation of your sentiments and determination for a peaceful settlement, said "as to Premier Nehru's suggestion that we make a statement to mobilize world opinion, we believe it is correct. At the proper time we shall do so. But we must not, repeat not, allow such a statement to be taken as a sign of weakness by opponents to peaceful settlement". He elaborated this point by citing United States pressure on Canada and others. Canada had origi-

nally supported Commonwealth proposals and in that belief they replied to queries of St. Laurent. The present change in Canadian attitude, he charges, was due to an attempt by the United States to put pressure on China to make further concessions especially with regard to prior implementation of cease-fire. He added "when we heard of peaceable efforts by Canada we were glad and willing to cooperate but now they have changed their position under American pressure and are trying to trap us and appease America".

2. Chou did not, repeat not, therefore, consider the present a suitable moment for a conciliatory statement. He drew attention to Chairman Mao's statement to me yesterday "what India has been working for and what the 12-nation proposal means is a genuine peace and we are willing to co-operate. But those who support America's demands to condemn us and at the same time talk of negotiation are not, repeat not, working genuinely for peace".

3. I tried to explain that, while no, repeat no, doubt America has been putting pressure on her associates, we should not, repeat not, forget that her associates were equally putting pressure on her. I drew attention to the British Ambassador's representation to the State Department regarding the (group corrupt as received) Truman's declaration about Formosa which, as a result, has been repudiated. I said that there was much more pressure put on America behind the scenes than public statements would lead one to suppose and he should not, repeat not, be misled by appearances.

4. They could put this pressure on only by accepting some part of United Nations position.

5. Chou replied that, if any attempt is made to combine condemnation of China with proposal for conference, China could not, repeat not, accept it. The position, he said, is simple. Question is a seven nation conference for which a basis exists and we should not, repeat not, complicate it.

6. I said that this was position taken by India and that further examination and discussion should be at conference. After redevising offer of conference with a temporary cease-fire in order to facilitate negotiation, Chou said "what America wants is a cease-fire without settling the basis for negotiation so that discussion may be prolonged endlessly. It is because of our own desire for peace and our regard for this country in (group corrupt) nations who genuinely desire peace that we agreed to have cease-fire at first meeting of conference. This was a genuine peace effort on the part of China". I went back to the original question of a statement by him and he replied again that at the proper time he would make it but "we do not, repeat not, desire to give the United States the wrong impression that we are weakening because it is putting pressure on other countries".

7. He desired me to convey these sentiments to you and through you to all peace loving countries.

8. Following are my impressions:

Firstly, China will consider a resolution condemning her as a hostile act and possibility of peaceful settlement will thereby be finally extinguished. This, I suggest, should be made unmistakably clear to the Commonwealth and other friendly countries.

Secondly, China is willing for an immediate conference on basis of 12-nation resolution and would not, repeat not, enter into further elucidation and explanation except at conference.

Thirdly, it is significant that in contrast to Soviet delegation objection, Chou did not, repeat not, raise any points regarding the suggestion that time and place of meeting should be settled by the President, but they have already made it clear that they will not, repeat not, go to America.

I am convinced that this is the last opportunity for peaceable negotiation and the Chinese believe that they have gone to maximum length to meet suggestions from friendly countries, particularly India. American pressure on countries which were inclined to be friendly and weakness shown by Canada and, in some measure, by Britain have stiffened Chinese attitude, as they feel that America desires to humiliate them first before any negotiations take place. Message ends.

74. 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 135 New York, January 28, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington No. 93.

Following from the Minister, Begins: After talking to the Prime Minister last night on the telephone, I changed my plans and decided to remain here until tomorrow afternoon in the hope that the vote would be taken then on the Korean resolution. Mr. St. Laurent felt that in view of the more understanding attitude of the United States in the last few days, shown in Austin's statement before the Political Committee yesterday, and in the amendments which they are now willing to accept to their draft resolution, we could give that resolution stronger support than previously. He also hoped that the United Kingdom and France could now vote for it, and indicated that if I could do anything to this end in New York, it would be a good move. Consequently, this morning I tried to get Sir Gladwyn Jebb to discuss with him recent United States moves and our hope that United Kingdom reaction to them was favourable. I was unable to do this as Jebb was out of town, but Mr. Riddell passed on our views to Coulson, and I telephoned them to Mr. Wrong for transmission to Oliver Franks.

2. The frank and forthright acceptance by Austin, on behalf of the United States Government, of our understanding that the United States resolution does not give the Unified Command or its commanders in Korea any authority to take action which it and they do not already possess is heartening. Also, the proposed amendment to paragraph 8 means that the Collective Measures Committee would not have to make any report as long as the work of the good offices group was proceed-

ing satisfactorily. This amendment, which should remove many of the United Kingdom doubts about this provision, would add to the present paragraph 8, the following words:

"... it being understood that the committee is authorized to defer its report if the Good Offices Committee referred to in the following paragraph reports satisfactory progress."

3. Yesterday at lunch, and later at dinner, Rau discussed with me ways and means to facilitate the work of the Good Offices Committee, which might also make it possible for him to serve on that committee as the President of the Assembly desires. We thought that once the United States resolution carried in the Political Committee, there might be a proposal to the effect that no action should be taken in regard to its confirmation in plenary assembly until the Good Offices Committee had an opportunity to pursue its work for a short time; the President to decide when to call the Assembly together. This would mean that formal and final action would not be taken at once against the Chinese. This would make some appeal, presumably, to Peking, while the strong condemnatory action which will presumably be taken by the Political Committee might satisfy public opinion in the United States, which would not then oppose a short delay in respect of confirmation by the Assembly while the Good Offices Committee was working. I think that this suggestion might have useful results. We have passed it on to the British but have not yet mentioned it to the United States delegation.

4. Entezam told me yesterday that he was going to ask Rau and me to form the Good Offices Committee. I told him that this might be difficult for me as I could not continue to be in New York. He said, however, that in his view the Good Offices Committee need not do the actual work of negotiation itself, but should establish some machinery to this end, and merely supervise that machinery by occasional meetings. For that purpose, he would be quite happy if Mr. Riddell could take my place at such meetings in New York when I was not present. We also discussed the appointment to the Good Offices Committee of someone as a Secretary or Agent General, who would have to do most of the day-to-day work. I expressed the view that for this purpose Ralph Bunche was the obvious choice, and the others concurred. Entezam said that he did not feel that he could take on this job unless he had the same group with him that had worked on cease-fire activities, as he felt that if we could not accept appointment, it might be interpreted as a reflection on him and on our previous work. He, therefore, strongly urged Rau and me to join him, emphasizing again that it would not involve for me any great activity or frequent visits to New York. We both agreed to refer the matter to our governments. I would be glad, therefore, if this matter could be brought at once to the attention of the Prime Minister. I will also discuss it with the United States delegation here as it would be out of the question for any Canadian, I think, to be appointed to this group if he did not command the confidence of the authorities in Washington.

Ends.

75. 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-354 Washington, January 29, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 71.

KOREAN RESOLUTION

Following for Pearson from Wrong, Begins: I informed Riddell last night about my discussion with Franks yesterday afternoon which indicated the very strong probability that the United Kingdom would vote for the amended United States resolution. Ignatieff saw Steel this morning to find out the results of a meeting late yesterday with Rusk and Hickerson in which the British, under instructions from London, sought assurances that the United States would not object to a program on the general lines of your speech of January 26th.

2. Steel said that the State Department had agreed that the Good Offices Committee should consider your suggestions. They also agreed that the Peking Government should participate in any negotiations for a cease-fire under the auspices of that committee and said they were ready to deal with the Peking Government in further negotiations for a peaceful settlement in Korea and other outstanding Far Eastern issues. They retain their objection, however, to the composition of the seven-power group mentioned by you and others as a negotiating body.

3. Steel said the Cabinet was meeting in London this morning to decide on the instructions to Jebb, but he had no doubt that in view of these assurances Jebb would be authorized to vote for the United States resolution. Ends.

76. 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 151 New York, January 31, 1951

IMMEDIATE

Repeat Washington No. 100.

KOREA

1. At 10.10 p.m. last night, 30 January, the Political Committee adopted the United States resolution, as amended by Lebanon. The vote on the resolution as a whole was 44 in favour, 7 against (the Soviet bloc, Burma and India), 8 abstentions (Afghanistan, Egypt, Indonesia, Pakistan, Sweden, Syria, Yemen and Yugoslavia), and one state (Saudi Arabia) "not participating in the vote". My immediately following teletype† en clair contains the text of the amended resolution as adopted.[20]

2. Prior to the vote on the main resolution five separate votes were taken on portions of the resolution. The first seven paragraphs were adopted by a vote of 44 in favour, 7 against (the Soviet bloc, Burma and India) and 7 abstentions. The Lebanese amendment to paragraph 8 — i.e., to add the words "it being understood that the committee is authorized to defer its report if the Good Offices Committee, referred to in the following paragraph, reports satisfactory progress in its efforts", was then adopted by a vote of 42 in favour, 7 against (including China) and 9 abstentions. Paragraph 8, as amended, was then adopted by 42 in favour, 7 against, and 10 abstentions. The first part of paragraph 9, down to the words "by peaceful means" was then adopted by 46 in favour, 5 against and 7 abstentions; and the remainder of paragraph 9 was adopted by a vote of 43 in favour, 5 against, and 11 abstentions. On these two latter votes the only negative votes were cast by the Soviet bloc. Canada voted affirmatively on each of these votes.

3. Before the vote on the United States resolution the twelve-power Asian resolution was rejected by a series of individual votes on portions of the resolution, and consequently, under Rule 128, no vote was taken on the resolution as a whole. These individual votes were not by roll call so it was not possible to see how each state was voting. Nevertheless, it was noticed that Yugoslavia voted for all parts of the Asian resolution. The only other affirmative votes were cast by the Soviet bloc for all of the resolution except the second sentence in the operative paragraph beginning "as the first step towards this end". The Soviet representative had moved an amendment to this phrase which repeated practically verbatim Peking's second reply regarding a limited cease-fire, which was transmitted through Panikkar and read by Rau in the committee on 22 January (see paragraph 2 of my teletype No. 105)†. In the vote on this Soviet amendment the Asian states did not "participate in the vote" as they claimed they did not have instructions. The Soviet amendment was defeated by 5 in favour, 38 against and 6 abstentions. After the defeat of this amendment the Soviet bloc voted against the phrase in the Asian resolution beginning "as the first step towards this end", but supported the remainder of the resolution.

4. The three meetings held on Tuesday prior to the voting on the Asian and United States resolutions were marked by an apparent filibuster on the part of the Soviet bloc to delay the voting. Strenuous efforts were also made by India and Egypt to postpone the vote until today in view of the Soviet amendment to the Asian resolution referred to above. Eventually a Turkish proposal calling for closure of debate and an immediate vote on the two resolutions was adopted by 36 in

[20] Voir/See *FRUS*, 1951, Volume VII, pp. 150-151.

favour, 17 against (the Soviet bloc and the Asian states) and 5 abstentions. The voting then took place with the results given above.

5. In the course of the discussion preceding the voting Mr. Pearson explained our vote on both the United States and Asian resolutions. The text of his statement is contained in my teletype No. 149.[21]

6. During the discussion at yesterday's meeting Sir Benegal Rau stated that his government had been informed "from the highest sources in Peking" that on 26 January the Peking Government regarded the Asian resolution "as providing a genuine basis for a peaceful settlement". Just before the voting on the United States resolution Rau intervened again to place it on record that "when the world was marching, in our view, toward disaster we — most of the Asian powers — did all we could to halt that march". He argued vehemently that, if the United States resolution were adopted, tension in the Far East would be perpetuated and "the atmosphere for successful negotiations would be vitiated".

7. Before the plenary session of the Assembly can act on this resolution it will be necessary, under Article 12 of the Charter, for the Security Council to drop this item from its agenda. The council is meeting today, 31 January, at 10.45 a.m. for this purpose, and it is possible that several meetings of the council will be required to deal with the matter in view of the probable filibustering tactics of the Soviet Union.

77.

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 24

Ottawa, February 3, 1951

TOP SECRET. IMPORTANT

Your telegram No. 31 of January 28.

1. In view of the fact that Canada is specifically mentioned in Panikkar's message of January 27 to Mr. Nehru and in order to ensure that the Canadian Government's position is completely understood by the Indian Government, I should be grateful if you would give Bajpai a copy of the text of the statement which I made at the United Nations on Jan[uary] 30 in explanation of the Canadian vote and if you would also bring the following observations to Bajpai's attention. The text of my statement is given in my immediately following telegram.†

2. Chou En-Lai's interpretation of the Canadian position as set forth in his discussion with Panikkar was obviously based on a very incomplete summary of my speech of January 26, since he shows a complete misunderstanding of the position of the Canadian Government and misrepresents it very gravely. Chou En-Lai sug-

[21] Voir *Déclarations et discours*, 1951, N° 3./See *Statements and Speeches*, 1951, No. 3.

gests that we have altered our position because of United States pressure and that acting under such pressure we are trying to trap the Chinese and appease America. This, of course, is not true.

3. It has been clear to us since the beginning of December that if a resolution, in appropriate terms and factually correct, condemning China for assisting in the Korean aggression were introduced in the Assembly and were put to the vote, we would have no alternative but to vote for it, even though we considered it, as stated on January 26th, to be untimely and unwise. It seemed to us that not to vote for such a resolution would be to refuse to face the obvious facts. We have, however, since the Chinese assistance in Korean aggression became flagrant at the beginning of December, consistently and forcefully urged that the United Nations should continue as long as possible to refrain from naming the Chinese People's Government an aggressor. The counsels of caution which we and other like-minded governments gave to the United States resulted in the United States refraining for some time from pressing a resolution on aggression to a vote, but during last week it became clear that the great majority of the members of the United Nations would find it impossible to continue any longer to refrain from condemning the Chinese People's Government for the aid and assistance which they have given to those who were already committing aggression in Korea.

4. When this became clear we tried to persuade the United States to modify its resolution and agree to a conciliatory interpretation of it and we had a considerable measure of success. In this sense we were putting far more pressure on the United States than the United States had been putting on us.

5. Furthermore, if it had been possible for the Asian countries to modify their resolution so that it not only made clear that fighting must stop before subsequent political negotiations begin, but also included substantially our proposals of January 26th, we could have voted for it. My explanation of vote given on January 30th does not spell out all of our objections to the revised Asian Resolution, but it gives you generally the reasons why we could not accept it; our main objection was that it did not lay down any specific programme with dates, etc., which would have prevented the Government in Peking returning an ambiguous and delaying reply. This seemed to us to be essential.

6. Although we are naturally disappointed to see how seriously Premier Chou has misunderstood both our peaceful motives and the manner in which we have pursued them, just as we have done our best to urge the United States authorities not to close the door completely as long as there is hope of peaceful negotiations, we would also view with the deepest regret any act on the part of the Chinese People's Government which would close the door from their side. We do not see why formal condemnation of Chinese participation in aggression should be regarded as a final end to all hopes of a peaceful settlement. In fact, together with other delegations, notably the Indian and United Kingdom, we have insisted that efforts should be continued through some Good Offices Committee to explore all possible opportunities for peaceful negotiation on honourable terms. While on the one hand the Canadian Government is determined to uphold the principles of the Charter, on the other its purpose is not to humiliate the Chinese Government. If, in the light of

these considerations, the Chinese People's Government nevertheless takes such steps as to close all avenues of negotiation, we cannot but feel that the full responsibility for subsequent development must in all honesty lie with the Chinese People's Government.

7. I can understand the attitude of the Indian Government with regard to Rau serving on the Good Offices Committee, but I nevertheless regret the decision taken. The fact that India voted against the United States Resolution would have made Rau an even more useful member of the committee than if they had abstained or voted for it. I, with the Prime Minister's approval, would have been willing to serve again with him, but as he has not been able to accept the President's invitation, I have informed Entezam that I also will not be available. Ends.

78. 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 26 Ottawa, February 3, 1951

TOP SECRET. IMPORTANT.

Please pass the following to Mr. Nehru from the Prime Minister, Begins: The recent vote in the Political Committee on the United States resolution has brought us to the end of one chapter, at least, in the record of United Nations efforts to deal with Far Eastern problems. Though I greatly regret that on this occasion, our two governments found themselves in opposing positions on the vote, I am less disappointed by this circumstance than I am encouraged by the results of our joint efforts in the interests of a peaceful settlement of Far Eastern problems.

2. We have been able through our efforts to bring about a modification in the position of both the United States Government and the Central Peoples Government to an extent, which, at the time of General Wu's appearance in New York, I would have thought impossible. On the one hand, we seem to have induced the Chinese Government to accept the principle that a cease-fire must precede other negotiations and that their troops must be withdrawn along with other non-Korean troops from the Korean peninsula. On the other hand, the United States Government, by concurring in the statement of principles contained in the report of the cease-fire group of January 11th, has indicated its willingness to enter into discussions with the Chinese Communists on basic Far Eastern problems.

3. There have of course been limitations for both our governments on the extent to which we could carry out joint efforts. For you, these limitations arose out of policies in regard to the United Nations and in regard to your relationship with other Asian states which you have frequently made known. For us, they arose equally out of our attitude towards the collective security system and our relationships with our great neighbours. It has always been clear to us that once we were

faced with the question of whether or not the Chinese had participated in aggression in Korea we could not do otherwise than answer yes. We have also felt that we could not expect the United States Government to sit at the conference table with Chinese Communists unless the Chinese were unequivocally committed to a programme beginning with the cease-fire and proceeding with other subjects in an orderly and pre-determined manner. Therefore, we were faced with the logical necessity of abstaining on the Asian Resolution calling for a seven power conference. It seemed to us that further clarification from the Chinese should now be sought by other means. But, despite Mr. Pearson's efforts, it was not possible to persuade the Committee to accept any such course before it dealt with the United States Resolution. Therefore, our Delegation had to take up a position on that resolution. We brought to bear our full influence on the United States Government to make their resolution in as moderate terms as would still be acceptable to the United States public. However harmful you may feel the United States Resolution in its final form to have been, I am sure you would consider that our influence, together with that of other delegations, had improved it very substantially.

4. Our joint efforts have, of course, been subject to a great deal of misinterpretation in both the United States and China. It is, I suppose, inevitable that such efforts as ours should be misunderstood, and I am not therefore surprised that Chou En-Lai, as reported by Mr. Panikkar, should have said that Canada had altered its position because of United States pressure, and that under this pressure we were trying to trap the Chinese and appease America. I am sure that your representative in Peking will do whatever is possible to correct that misinterpretation of our position.

5. The great question before us now is, of course, whether or not adoption of the United States resolution will put an end to all possibility of a peaceful settlement of Far Eastern questions within the foreseeable future. The Chinese have, as your representative has reported, said that this would be the case, and it may well be that their prophecy will turn out to be correct on this as on previous occasions. It should be pointed out, of course, that the Chinese People's Government on their part do not hesitate to condemn in violent terms the United States, acting as an agent of the United Nations, for aggression in Korea, and nevertheless expect that country and the rest of us to enter into negotiations around the council table. I hope Chou En-Lai can be made aware of this inconsistency. We have not hesitated on our part to press for negotiations with the Peking regime in spite of the language used by them in their reference to United Nations action in Korea. If they now take the position that a United Nations resolution condemning them puts an end finally to all hope of settlement, it will seem to confirm the view of many that there was from the beginning no hope of success in such negotiations and that the Chinese regime has been insincere in discussing their possibility.

6. In the long run, however, it seems to me that the attitude adopted on both sides will be determined by the realities of the material situation in the Far East generally and in Korea in particular. Though it may be extremely difficult to make any progress in the near future, I nevertheless hope that before long a further chance of negotiated settlement may emerge. With this in mind, I think we should hold firm to the view that the statement of principles which we enunciated and which was

accepted by the Political Committee provides an adequate basis for a peaceful settlement. Ends.

2e PARTIE/PART 2

COMITÉ DE MESURES ADDITIONNELLES
ADDITIONAL MEASURES COMMITTEE

79.

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-397

Washington, February 1, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 78.

1. I had an interesting talk late yesterday with Rusk on the program which might be followed in dealing with the Korean situation. He began by saying that the State Department would welcome three-cornered discussions with the British and ourselves designed to work out a course of action on the lines that you proposed in your speech of January 26th.[22] They think that any program of this nature should not be put in the form of a resolution, as it ought to be left flexible to meet changing conditions. The only criticism made of your suggestions was that they would not be willing to bind themselves to sit down in a Far Eastern conference composed as you suggested, although they would be willing to meet with the Chinese Communists and the Russians provided that adequate diplomatic preparation by the participating friendly countries had taken place. Rusk went on to describe the general stages he thought should be followed, saying that this was not yet official policy, but was likely to become so.

2. The first stage should be a cease-fire with the 38th Parallel as the boundary line. The basis should be that laid down in the December report of the Cease-Fire Committee after discussions with the Unified Command, except that they might be prepared to forgo the creation of a demilitarized zone if this appeared to be feasible from a military point of view.[23] He thought such a cease-fire could best be discussed through confidential channels. He made it clear that what he called a *de facto* cease-fire would not meet their requirements, as they would not be prepared to desist from air attack in North Korea unless the arrangements had been negoti-

[22] Voir le document 70./See Document 70.

[23] Voir Canada, ministère des Affaires extérieures, *Documents sur la crise coréenne*, Ottawa, Imprimeur du Roi, 1951, pp. 21-31.
See Canada, Department of External Affairs, *Documents on the Korean Crisis*, Ottawa: King's Printer, 1951, pp. 19-28.

ated in advance so as to ensure against a Chinese build-up; agreed methods of supervision of the execution of the cease-fire were therefore necessary.

3. The next stage would be to work out a longer range settlement in Korea itself. He said that the prospect of being able to establish a unified Korea had now become distant and that he was thinking in terms of the possible re-establishment of the situation prevailing up to June 25th. This would be tolerable, provided that it was accompanied by international commitments which would safeguard the Korean Republic from attack in conjunction with their own enlarged and re-equipped military forces. He remarked that such an outcome would simplify Korean reconstruction by confining United Nations responsibility to the R.O.K.; North Korean towns were now "sticks and stones".

4. If this stage could be successfully completed, they would then be prepared to enter into discussions on Far Eastern questions. They would wish to match the two major Chinese objectives of Formosa and seating in the United Nations with the introduction of issues affecting Indo-China, Communist penetration elsewhere in free Asia, the treatment of foreign interests and foreigners in China, and possibly Tibet. The composition of the discussion should vary according to the subject. He insisted, however, that where they were "competing claimants" (i.e., the Chinese Communists and Nationalists) they would want both of them to be represented in the talks. He thinks that any discussions of this nature would have to be strung out over a lengthy period and that the diplomatic preparation by the friendly countries should be as careful and complete as that preceding the proposed meeting of the Council of Foreign Ministers on European issues.

5. We then turned to discussing action under the resolution passed by the Political Committee on January 30th. He said that they were in no hurry to put proposals before the Collective Measures Committee, which ought to take its time before making any proposals for sanctions. He did not disagree when I said that the threat of possible sanctions might well be a greater deterrent or bargaining lever than any sanctions which could in fact be agreed upon. He also remarked on the complexity of the issues involved in working out selective economic sanctions. No instructions on this subject have yet been sent to the United States delegation.

6. As to the new Good Offices Committee, I told him that I understood that Rau would not be permitted to serve by Nehru and that you also would in these circumstances be unwilling to serve. He said that as alternatives they were thinking of a Norwegian or a Swede, together with Malik of Lebanon if he were ready to act. (He said there had been a bitter dispute in Stockholm preceding Swedish abstention on Tuesday). I mentioned your view that an effective negotiator should be designated by the Secretary General to act for the committee, possibly Bunche. He remarked that he doubted whether the Chinese would deal with an American citizen and whether Bunche would himself agree to serve on this account. He agreed, however, that the committee should have such an agent, and suggested the possibility that a suitable (continental European or British) person might be selected from outside the United Nations Secretariat. He also thought that in filling Rau's and your places member should be chosen from a country effectively represented in Peking.

7. Rusk, as usual, was cool and constructive. On the military side he remarked that it was evident that the United Nations forces should not attempt to see the Yalu River again and should accept the limited objective in trying to free the Korean Republic. On the other side, it was probable but not certain that the enemy could not now expel the United Nations forces from Korea.

8. I met Franks immediately after seeing Rusk, and he took up with me the suggestion, which had been previously made to him, of three-cornered talks between the United States, United Kingdom and Canada, which he is anxious to see adopted. He thinks well of the general programme proposed by Rusk. Do you agree that I should participate in such discussions?

80. 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-210 Ottawa, February 9, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 163; London No. 277.
Your telegram WA-397 of February 1.

UNITED STATES FAR EASTERN POLICY

1. I was much encouraged by the sobriety of the views expressed by Rusk, as reported in your telegram under reference. It came as a very welcome change from the friendly but somewhat excited pressures to which we had been previously subjected. I was glad, in particular, to receive this evidence that the United States Administration is genuinely anxious to continue the work of negotiation with the Chinese Communists and is no longer thinking in terms of a limited war with China.

2. When you are in Ottawa, we can discuss the proposal that there should be three-cornered talks in Washington with the Americans and the British about the next steps that should be taken in Korea and the Far East. My present feeling is that such an exchange of views would be valuable. However, I think that they should be preceded, if possible, by an informal attempt on our part to sound out the State Department on the long-term objectives of their policy in the Far East. I have been concerned by what appears from here to be a lack of direction and consistency in their Far Eastern policy. A despatch which will go to you in tomorrow's bag elaborates this concern and suggests some of the fundamental questions to which I should like an answer. Once these questions had been answered, however tentatively, it would be easier to discuss profitably the next steps which should be taken.

3. If such three-cornered discussions are arranged, I assume that they will be kept entirely private and informal. Otherwise, of course, a number of other countries would consider, and with reason, that they had a good claim to be included.

4. The only difficulty I can foresee if we participate in such three-cornered discussions is that the Americans, after deferring to our wishes in some particulars, may consider that we are then under a moral obligation to support them in the United Nations and elsewhere, even though only some of our objections to their proposals may have been met. You may feel that this suspicion is unworthy and shows too cautious a determination to avoid commitments. My recent experience in New York, however, has convinced me that caution is necessary in any preliminary, informal talks. On several occasions after I had told the United States representatives there of my views on the United States resolution and when they had made a few changes in an effort to be conciliatory, I was confronted with the feeling that now I was expected to "lay Canadian support on the line" now that our objections had been met. Since our main objections had not been met, I found this method of doing business somewhat irritating. I therefore consider that if you participate in discussions with the Americans and the British, you should make it clear at the outset that, although we are more than willing to have a frank exchange of views with them on the course to be followed now that the People's Government has been formally condemned, we cannot regard ourselves as bound in any way by these discussions. Above all, you should tell them frankly that we are maintaining the right to determine our own attitude to whatever action may be proposed in the United Nations when the time comes to take such a decision.

5. I am looking forward to your visit to Ottawa which will give us a chance of thrashing out this whole question further.

DEA/50069-A-40

81.

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

Secretary of State for External Affairs
to Ambassador in United States

Ottawa, February 9, 1951

DESPATCH Y-650

SECRET

Reference: My telegram No. EX-310 of February 9, 1951.

UNITED STATES FAR EASTERN POLICY

In view of the rapid drift in United States policy toward an irrevocable break with the Chinese Communists and of the danger of the United States adopting a policy of assisting the Chinese resistance movement on the mainland and of further rearming Chiang Kai-Shek, I think you should seek an early opportunity to discuss with the United States Government, at a high level, the long term objectives of their Far Eastern policy, in which we must inevitably be involved.

2. Since Mr. Acheson and other officials of the United States Government may feel that we have been giving them too much gratuitous advice lately on United States policy in the Far East, I do not think that at this stage we need to make suggestions to them on what their policy should be. You should instead do your best to draw them out. What follows in this despatch is material which I hope will be of use to you in doing this.

3. There may be some lessons to be drawn between our present position in relation to China and the situation which existed in 1939 when the Soviet Union attacked Finland. At that time it was plain that the Soviet attack was an outrageous betrayal of all the principles which underlay the international community and one had to define the Soviet action in those terms. Yet, it would have been disastrous if we had come into conflict with the Soviet Union over Finland, particularly when it was clear that the Soviet-German alliance was of the most opportunistic nature and that unless any precipitate action on our side had prevented it, these two powers were bound to fall out, thereby bringing Russian manpower to bear against Germany. The parallel obviously should not be pressed too far, especially since Sino-Soviet relations today are undoubtedly closer and more stable than Soviet-German relations in 1939-41. Nevertheless, the principle of keeping the eye on the main danger still holds good and any hostile action which we launch against China would only have the effect of strengthening the grip of the Communist regime upon the people on the one hand and increasing its dependence on the Soviet Government on the other.

4. Another instance of the wisdom of restraint can be adduced from the events in 1946 when the United States came very close to a break with Yugoslavia over the shooting down of a United States Army plane over that country. Precipitate action at that time might well have had the effect, if not of preventing, at least of postponing the breach between Tito and the Soviet Union.

5. We think it is now a fitting time to review the events leading up to the vote of January 30 and to frame a policy for the next stage. The main burden of responsibility for framing a constructive policy for that stage rests on the United States. It is therefore essential for us to know as precisely as we can what present United States objectives are as regards the Far East in general and China in particular.

6. The Canadian Government and people have, as you know, been deeply concerned during the past seven months over some aspects of United States Far Eastern policy. If a policy is coherent and logical, even if one disagrees with it, it may still command respect but some aspects of recent United States policy have seemed to us erratic and confused. At times it has been difficult for the Canadian Government to discover exactly what the current United States policy is. There have been occasions when, within a comparatively brief period, we have been given or have noted in the press statements by persons claiming to speak on behalf of the United States Government which have been conflicting or indeed contradictory. Dean Rusk has been wise and restrained but his expositions of United States policy have not always been consistent with public or private expositions by officers of equal or higher rank in the Administration, such as Hickerson, Gross or Austin. MacArthur's statements have, of course, added to the confusion.

7. This, plus outbursts of impatience and tactlessness, and the absence of any clear-cut sense of direction, both in the forming and carrying out of current United States policy, have, as you know, caused some differences between the United States and their Western allies. These differences are, however, even wider with certain Eastern governments, especially India.

8. I hope that we can now assume that the State Department has discarded all ideas of limited war with Communist China and that it may even share our doubts about the effectiveness and desirability of sanctions of any kind against China. We have never, however, so far as I am aware, been assured that Mr. Acheson has given up his advocacy of limited war. Even if ideas of limited war have been abandoned by the Administration, the outlines of an alternative United States policy have not yet emerged. I realize, of course, that this emergence is not going to be easy and will take some time. But I hope that the outlines of it will soon appear.

9. An alternative policy would have been to explore the possibilities of negotiation. The United States, however, not only pushed through the Assembly a resolution condemning China as an aggressor, but also gave the impression during the debate at Lake Success and even more in Washington that they were anxious to seize on the first Chinese reply to the statement of principles of January 27 as an excuse for withdrawing from their own commitment to those principles. One could only deduce from this that the United States had no real desire to enter into negotiations with China at that time.

10. We ourselves remained convinced throughout that negotiations with China should be our objective and condemnation voted only as a last resort. Nevertheless, in view of our recent experience at Lake Success we are not now prepared to lend our support to any plan for negotiations unless we are certain that the United States intends to work for their success. That is one reason why I did not accept the invitation to serve on the Good Offices Committee. It seems to me that it would be better to abandon for the immediate future all plans for negotiation than to enter into negotiations which are clearly foredoomed to failure. An early breakdown of negotiation, particularly if it arose from United States inflexibility or impatience, might finally convince the Chinese that their only hope lay in complete dependence on the Soviet Union. No doubt such a development would be welcomed in certain quarters in Peking and we should be careful not to facilitate it. I should think, therefore, that for the immediate future it might be wise to fall back, if possible, on diplomatic machinery outside the Good Offices Committee in an effort to bridge the gap between Washington and Peking. I doubt if the Good Offices Committee, tied up as it is with the resolution of condemnation, can do very much at this stage, though it may be very useful later.

11. It is important that we know what objectives the United States would seek in any negotiations. Would the United States subscribe to the following or would they suggest others:

(i) Localization of the war in Korea and, if possible its liquidation;

(ii) Prevention or postponement of Chinese Communist attacks on Indonesia, Malaya, Hong Kong, Burma, etc.;

(iii) As a corollary of the above, the retention of the access to areas of raw materials vital both to the West and to non-Communist Asian countries;

(iv) Agreement that our objective in the Far East is the defeat of aggression and not the use of the United Nations to overthrow Communist Governments;

(v) Elimination of the danger of our being drawn into a lengthy and perhaps indecisive military struggle with Chinese Communism when we have accepted the axiom that Western Europe should be the principal area of our defensive effort;

(vi) The desirability of doing everything possible to drive a wedge between Communist China and the U.S.S.R.; as a step towards this end, the opening up of China to our diplomatic and economic influences; and

(vii) Finally, and following from the above, stabilizing the Far East.

12. Even the partial achievement of these objectives would tend to strengthen friendly relations between the West and the non-Communist East which recent United States tactics have strained. The United States Administration must be aware that their recent policy has noticeably dismayed and vexed some of our potential friends in non-Communist Asia. Take the case of India, for example, the most important nation in this group. We think that India, though its reaction to Chinese intervention in Korea has seemed to the United States to be timid and wrong, has served as a useful channel of communication with Communist China and that we should look to the Indians for continued help if negotiations with China are to succeed. Yet the kind of misrepresentation of Indian motives given by Senator Austin in his speech of January 22 and the implicit threat of economic pressure made recently by Senator Connally will certainly not induce in India a spirit more co-operative with the aims of United States diplomacy.

13. We are, we hope, under no illusions about Mr. Nehru or Indian policy. We do not look upon the present Indian leadership as being the heir to all the Wisdom of the East, nor do we view all Indian proposals as realistic, as we showed by abstaining on the Asian resolution. At the same time, we believe that in the present circumstances we can hope for no more sympathetic or helpful administration in that country, which is still in a formative condition.

14. We consider that in the present lull in the diplomatic front it is up to the United States Government, following the vote of January 30, to indicate to countries such as Canada what they envisage as the next step and particularly whether they can hold out any positive hopes that negotiations with China will bear fruit. In entering such negotiations the United States would hold a comparatively favourable position. The chief factors in United States bargaining strength would include the following:

(i) The rapid increase of United States military strength, and the consequent shrinking of the military liability arising from the Korean operations;

(ii) The present United States control of Formosa;

(iii) The increasingly strong position of the United Nations forces in Korea and what appears to be now some strengthening of the French position in Indo-China;

(iv) The desire of the Chinese to participate in talks on the Japanese peace settlement;

(v) The desire of the Chinese Communist Government for recognition and entry into the United Nations; and

(vi) A factor on which there is still considerable doubt, the desire of Communist China, even at this late date, to avoid war with the United States.

15. In regard to point (vi) above, we would appreciate a State Department assessment on an important problem, which we feel is still unsolved, namely, the extent of Soviet influence on China, particularly on the conduct of the Korean aggression, and more generally, whether the Soviet Union is exercising a restraining hand upon Chinese Communist expansionist ambitions or pressing China forward. The answer to this, it seems to us, depends in large part on a calculation of the extent of the risks of a general war this year which the Soviet Union is prepared to run.

16. We are not blind to the powerful position which the Chinese would enjoy at a conference table as a result of their vast armies, their strategic location in regard to Korea and Indo-China and their backing by the military might of the Soviet Union. It seems to us, however, that the United States and Communist China through a realistic appraisal of both their own and others' strength could cautiously enter into a series of arrangements which would be in effect a wary and tortuous process of disengagement on both sides from the fixed positions in which each party has entrenched itself. If this process can only be commenced and followed up, even with all the disappointments and problems it would involve, we consider that it offers the only hope for a lessening of tensions and in the long run a comparative stabilization of the Far East. The chances of success of such negotiations, we realize, are slender. Chief among the difficulties, of course, are the fanatic marxist obsessions of Chinese Communist leaders and the excitable state of public opinion in the United States. Nevertheless, it is the task of diplomacy to pursue patiently and doggedly what appears to be the only sensible course.

17. During your discussions with the United States Government at a high level on the long term objectives of their policy in the Far East, I should be grateful if you would take advantage of any opportunity which presents itself to make clear that, while we have over the past seven months differed from the United States on their Far Eastern policy, and while we continue to have apprehensions about the drift of their policy in the Far East, the Canadian Government and people are fully conscious of the great debt of gratitude which they owe to the United States, and particularly to Mr. Truman and Mr. Acheson for the way in which they have, during the past seven months, rallied the whole of the free world to defend its common liberties against the increasing danger of Soviet aggression. Three years ago when the Communists seized Czechoslovakia, the United States and its fellow-members of the North Atlantic Community embarked on a process of strengthening their armed forces and their unity. Looking back at this period of the last three years, it is clear that up to the time of the attack on Korea last summer none of us in the North Atlantic Community was moving fast enough. The result, I am afraid, was that, instead of the gap between our strength and the Soviet strength narrowing, it was in fact widening and the inevitable result would have been disaster. This suicidal policy has been reversed because of United States leadership under Mr. Truman and Mr. Acheson, and latterly General Marshall. The United States has with

courage and imagination seized the opportunity which was presented by the developments in Korea to double and later to quadruple its defence effort and has carried its North Atlantic allies with it. The result is that for the first time since the end of hostilities there is good reason for believing that time is on our side and that if we continue with our present defence policies and pursue a patient, restrained and firm diplomacy, we may succeed in averting war and finally in reaching a tolerable *modus vivendi* with the Soviet Union.

L.B. PEARSON

82. 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 205 New York, February 12, 1951

SECRET. IMPORTANT.

Repeat Washington No. 138.
Reference paragraph 2 of my teletype No. 196† — Committee on Additional Measures for Korea.

1. Coulson of the United Kingdom delegation has today shown me copy of a telegram from London containing the instructions to the United Kingdom delegation regarding the study of sanctions against China by the Additional Measures Committee. You will no doubt have already received a copy of these instructions from Earnscliffe. Briefly they boil down to rejection by the United Kingdom Government of all the United States proposals for either economic or diplomatic sanctions against China by the United Nations.

2. So far as organization of the Committee on Additional Measures is concerned, I understand from Coulson that the United Kingdom now believe that Sarper or Muniz will be Chairman, with possibly Fawzi Bey or Gonzalez (Venezuela) as Vice-Chairman, and with Shann as rapporteur. The United Kingdom thinking is that once the bureau is formed, the Committee should adjourn for a period of perhaps three weeks while the bureau (not, repeat not, the Secretariat as mentioned in paragraph 2 of my teletype No. 196) prepares proposals for the Committee's consideration. During these three weeks it would be understood that the bureau would receive a good deal of guidance from the United States, United Kingdom and French delegations, and possibly ourselves, in order to ensure that the proposals when finally submitted to the Committee would be ones which the major contributing States had already agreed to.

3. In view of the fact that the United Kingdom and United States Governments are now so sharply divided regarding the question of sanctions, it seems to me that there might be something to be gained by trying to switch the emphasis in the Additional Measures Committee from the question of sanctions against China to

the question of additional measures in securing United Nations objectives in Korea, at least in the early stages of this work. The resolution adopted by the Assembly made it clear that the charge against the Chinese Communist Government was that it was assisting in an aggression which had *already* taken place in Korea. The operative paragraph concerned reads: "The General Assembly finds that the Central People's Government of the People's Republic of China, by giving direct aid and assistance to those who were already committing aggression in Korea and by engaging in hostilities against United Nations forces there, has itself engaged in aggression in Korea." By paragraph 8, the new committee is requested as a matter of urgency to consider additional measures to be employed to meet this aggression. It can be argued that the "additional measures" which the Committee should consider are, therefore, in the first instance, any measures which might contribute to resisting the Korean aggression — i.e., not specifically the question of sanctions against China.

4. I am not sure that it would be possible to get support for this interpretation of the Committee's mandate, especially in view of the prevalent demand for sanctions against China. It might also be inexpedient to raise in the Committee questions concerning military assistance in Korea, and I am not sure what other additional measures, apart from contributions of shipping, food, etc. could be considered. I should add also that Coulson of the United Kingdom delegation, who is the only person to whom I have mentioned this possible approach, was singularly unimpressed (repeat, unimpressed) with it. Unless we devise some fresh approach, however, we will be confronted in this Committee with the stubborn and unreconciled opposition of United Kingdom and United States objectives.

5. I should be grateful for instructions as to the line we should adopt when it becomes necessary to consider the substance of the Committee's mandate, as distinct from procedure, either in the Committee or a private discussion. The Committee meets on Wednesday next, February 14th, at 11 a.m.

DEA/50069-A-40

83.

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

Secretary of State for External Affairs to Ambassador in United States

Ottawa, February 13, 1951

TELEGRAM EX-331

TOP SECRET. MOST IMMEDIATE.

We have been considering urgently the attitude we should adopt with respect to possible movement of UN forces north of the 38th parallel. Although the military situation now seems to make this question less immediate it has been raised in Parliament and this afternoon I propose to answer a question (by Mr. Coldwell) concerning the government's attitude along the lines of the immediately following paragraph of this message.

2. The Canadian Government is of the opinion that the Unified Command should not order its troops north of the 38th parallel until there has been consultation with the United Nations especially with those countries which have contributed forces for use in Korea.

3. Please inform the U.S. Secretary of State immediately of the government's attitude as set forth in the preceding paragraph. You should add that, in the Canadian government's view, this restriction should include South Korean forces.

4. In my answer in the House this afternoon I will state that you have been instructed to communicate to Mr. Acheson in the above sense.

5. You will of course have noticed that the U.K. government have taken the same position and Mr. Attlee has so stated it in the House of Commons.

6. In telegram 314 of February 7† from the High Commissioner in London (referred to you by bag), Rusk was quoted as being of the opinion that the United Nations forces should not proceed north of the 38th parallel. As you know, in response to a United States invitation the United Kingdom Chiefs of Staff sent to the United States an appreciation of the military situation in Korea in which they recommended that the United Nations forces should hold a line across the narrow part of Korea just south of the 38th parallel, covering Inchon and Seoul.

7. With respect to the South Koreans, news reports Sunday night stated that South Korean forces had crossed the parallel as far as Yangyang on the east coast. We realize that, when the question of crossing the 38th parallel arose after the successful Inchon landing, MacArthur stated that he would control the non-Korean forces but that he could not prevent the South Korean forces from crossing the parallel if they wished. This statement was not effectively challenged at that time because of concentration on the activities of the main body of MacArthur's forces. It seems to us therefore that this point should be taken up before the situation gets out of hand. We fail to understand how MacArthur can contend that he cannot control the South Korean troops who are in fact under his command. Without support from the United States the South Koreans could not hope to maintain themselves north of the 38th parallel or south of it. Therefore, before the South Koreans, presumably with at least the tacit assent of the Unified Command, commit us to a return north of the parallel, it would we think be advisable to have a clear understanding with the United States government that the Unified Command will not exercise its discretionary authority to order an advance north of the parallel until there have been full discussions with all the powers having forces in Korea. Such discussions, of course, should serve to clarify the Far East generally.

8. We realize that, from time to time, it may be necessary for the United Nations forces to engage in patrol activity or make some local tactical moves north of the 38th parallel for example to protect some particularly vital position south of it. Such action should not, however, in our opinion be used as an excuse for making territorial gains beyond the line.

9. Paragraphs 1 to 5 inclusive of this telegram confirm our telephone conversation earlier this morning.

84. 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-574 Washington, February 13, 1951

TOP SECRET. IMPORTANT.

Your EX-331 of February 13th, possible passage of 38th parallel.

1. Before I received your message I had already spoken to Rusk on the basis of my telephone conversation with Heeney. At this afternoon's meeting of countries contributing forces to Korea I enquired about MacArthur's control of ROK forces and was assured that they were fully under his command. I shall seek further verification. We were definitely told on the basis of today's official report from Tokyo that there has been no crossing of the parallel on the east coast and that the report of its passage by units of the ROK capital division was erroneous.

2. You have doubtless received the full text of MacArthur's statement of today, issued after inspecting the battlefront. [24] This is reassuring, at any rate in so far as the possibility goes of any major operations in North Korea in the near future.

3. There will be a further discussion on this subject at Friday's meeting at the State Department, at which Rusk will report on the latest developments and the views of the Chiefs of Staff. Questions were asked today about the consultations with countries with forces in Korea. It was stated that no such consultations had been or would be held in New York, but that the State Department meetings or individual diplomatic approaches were being employed.

4. I think it is necessary to adopt a fairly flexible attitude on this issue, mainly for the reasons set forth in paragraphs 5 and 6 of our WA-562 of February 12th.† Certainly the Unified Command cannot *publicly* commit itself to keep its ground forces south of the parallel without giving the enemy a distinct tactical advantage. If it were known that United Nations ground forces would refrain from entering North Korea, the effect would be to extend in some measure the "sanctuary" of which MacArthur so often complains to the 38th parallel, although, of course, air and naval operations could continue above it. It would also become unnecessary for the enemy to deploy forces to prevent amphibious landings above the parallel.

5. The case for keeping the enemy guessing is thus strong. All that we can legitimately demand, I think, is that prior private consultation should take place before the parallel is crossed by other than occasional patrol forces. I should be glad to learn whether you agree with this view.

6. In your message you suggest that before any advance north of the parallel there should be "full discussions with all the powers having forces in Korea". What form

[24] Voir/See United States, Congress, *Hearings on the Military Situation in the Far East*, Washington: Government Printing Office, 1951, p. 3539.

do you think such consultation should take? There are now some twelve countries with forces there, and experience here shows that the meetings of their Ambassadors at the State Department are not well suited for debating delicate and secret issues. When supplemented by ordinary diplomatic contacts, however, these meetings are probably as good an occasion as can be devised. Ends.

85.

L.B.P./Vol. 35

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

Ambassador in United States
to Secretary of State for External Affairs

TOP SECRET

Washington, February 16, 1951

Dear Mr. Pearson:

This letter and its enclosure are a partial reply to your despatch No. Y.650 of February 9th asking me to seek information on the objectives of the Far Eastern policy of the United States. The enclosure is my note of a long discussion on February 14th on this subject with Mr. Dean Rusk. I had originally intended to follow up a talk with Mr. Rusk by seeking an early interview with Mr. Acheson, but I now feel it better to postpone seeing him until I have had an opportunity of talking over with you the results of my meeting with Mr. Rusk.

I am giving this report to you in an informal manner because it is of such a character that it is unwise that it should receive in the Department even the treatment accorded to top secret papers. Mr. Rusk emphasized at several points that what he was telling me was for your and my information only.

I think that you will agree that Mr. Rusk's explanation gives a more coherent account of the policy towards China than anything that we have previously received. It also throws a good deal of light on the reasons why the tactics of the United States representatives have been at times disingenuous and inconsistent. Mr. Rusk states that the belief or hope that the attitude of the Peking Government may be changed by some kind of upheaval within the regime is based on very secret intelligence. A public avowal of their aim would tend to prevent its fulfilment, and they are not in a position to give their reasons even in strictest secrecy to more than a very few trusted people. I am not sure, for instance, whether Mr. Austin and Mr. Gross have been fully informed. Hence, any public explanation of their policy must be so incomplete as to be misleading.

While it is a relief for us to secure a rational explanation such as that given by Mr. Rusk, we are inevitably at a disadvantage in assessing its possibility of success, since this could only be determined by access to the secret intelligence which is determining U.S. thinking or by the availability of other good intelligence sources inside China. We must, in short, take what we are told either with skepticism or as providing a real chance of success. Furthermore, we are not in a position to give even the slightest public indication of what the present aim of the United States in Peking is.

In your despatch you emphasize the objectives to be sought in any Far Eastern negotiations. I think from what Mr. Rusk has told me and from my discussions with others here that the United States would endorse the objectives listed in paragraph 11 of the despatch and would agree that they can only be attained through eventual negotiations with the Peking Government. They would, however, in my judgment take the position that unless there were changes in that regime a negotiation aimed to achieve these objectives would not only be fruitless but would solidify the Moscow-Peking axis; they are therefore looking for time in the hope that internal pressures in Peking will before long reach a bursting point. If the present pattern of fighting in Korea can be maintained, with hugely disproportionate Chinese losses, this should in their view hasten the desired development inside the Chinese Communist Party.

The outcome they hope for seems to be neither the evolution of Mao-tze-tung into a Chinese Tito nor the transformation of the Chinese Communists into agrarian reformers. It appears to be rather the overthrow or submergence of the leaders whose first loyalty seems to be rather to Moscow than to the Chinese revolution, and their replacement by others who would be Communists still but with a definite nationalist slant. I did not get as far as this in my talk with Mr. Rusk, so that this is my own deduction.

Yours sincerely,
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Compte rendu d'une conversation entre le secrétaire d'État adjoint aux Affaires de l'Extrême-Orient des États-Unis et l'ambassadeur aux États-Unis

Record of Conversation between Assistant Secretary of State for Far Eastern Affairs of United States and Ambassador in United States

TOP SECRET [Washington], February 14, 1951

This paper should be treated with the greatest care and shown only to the minimum number of senior officers.

I had a long talk with Mr. Dean Rusk in order to discuss with him the objectives of United States policy in Korea and the Far East on the general lines proposed in Ottawa despatch No. Y.650 of February 9th. Mr. Rusk, who has always been frank with me, on this occasion spoke more freely than ever before about some of the considerations guiding the policy of the United States. He gave me certain details not set forth in this paper on the understanding that I would only pass them verbally to Mr. Pearson. He asked me not to reveal to the Secretary of State that he had given me these details.

The first question which I asked him was whether the idea of a limited war with Communist China had been abandoned. He answered that a limited war was now going on in Korea. No shot had been fired against China on purpose outside Korea

in spite of intense provocation. This had involved the exercise of "almost inconceivable restraint". Any extension of the area of the fighting would only arise because of actions which might be taken by the Chinese, such as extensive air operations from Manchuria or armed attacks on U.S. forces elsewhere. The United States did not intend to take steps which would make incidents involving U.S. and Chinese forces more probable; for example, in considering economic measures against China they rejected the idea of a blockade of the coast and favoured instead embargoes on shipments without enforcement by naval search and seizure.

In Korea there were five conceivable ways in which the fighting could be brought to an end. First, all Korea could be unified by force through defeat of the enemy forces; that solution had seemed likely until the massive intervention of the Chinese, but it was now out of the question. Secondly, the United Nations forces might wholly withdraw from Korea voluntarily or under enemy pressure; this solution was also rejected as it would endanger the entire position of the free countries in the Far East and especially in Japan. Thirdly, the Korean war could be liquidated by the forcible liquidation of the Peking regime; there is no thought of seeking any such solution, and it was realized that it could only be achieved as a result of a war between China and the United States unsupported by other countries. Fourthly, there might be a military stalemate; this was a possibility but a dubious one in present circumstances and would not be adopted by choice; it would mean the maintenance of substantial forces in Korea for a long period facing Chinese and North Korean forces on the other side of a military line. Finally, there was the possibility of settlement by agreement, which would be the best solution; they see, however, no prospect of an early agreed settlement and we should not be in any hurry in the present military circumstances to try to achieve it.

Mr. Rusk told me in the strictest confidence that the directive under which General MacArthur was operating was defensive in nature. His instructions were to adopt "a strategic posture of defence". No major military effort was to be made to capture the territory now held by the enemy south of the 38th Parallel. He hoped that the United Nations forces would remain about where they were. When their withdrawal was under way from the positions reached at the time of the Chinese intervention various holding lines had been planned, known as lines A, B, C, D, E and F. The withdrawal had reached line D (in the vicinity of the 37th Parallel) in January and there had then been little expectation that the troops would move forward. General Ridgway's limited offensive has been brilliantly conducted with tremendous losses to the enemy, but no serious military risks would be undertaken to capture more Korean real estate. The present position on the western flank along the south bank of the Han River is a good holding position and it was unlikely that there would be any early effort to capture Seoul, which if taken would mean that the U.N. forces would have the Han River at their backs.

The intention therefore was to do as much damage as possible to the enemy forces at the lowest cost, in conditions in which the superior equipment and fire power of the U.N. forces could be brought to bear. They would continue to jab and strike at the enemy and this would probably involve the crossing of the 38th Parallel at times by offensive patrols or by commando raids, such as the raid just conducted on Wonsan. Any such crossings, however, would be for temporary military

reasons in order to further the design of crippling the enemy as much as possible. Mr. Rusk did not rule out the possibility that a slice of North Korean territory might be occupied for a time for bargaining purposes. For example, if Seoul were still in Chinese hands the possession of a stretch of North Korean territory, perhaps on the east coast, might prove to be valuable in negotiating a cease-fire with the 38th Parallel as a boundary line, since this would then involve a mutual evacuation.

Our discussion then turned to the longer term purposes of United States policy towards the Peking Government, and this was the most interesting part of our talk. I started it by saying that it seemed to me that the difficulties in working out an agreed policy between the United States, the United Kingdom, Canada and other free countries centered around the answer to a question which might be framed as: "Is the United States reconciled to the continued existence of the Peking Government for some time or is its aim to overthrow the Peking Government?" Mr. Rusk agreed that this was the central issue, and remarked that there had been very little discussion of it between the governments concerned. He went on to give me some very secret information on what was guiding the policy of the United States.

The United States, he said, considers the existence of the Peking regime disadvantageous to the Western world and does not intend to do anything which would have the effect of consolidating its authority in China. He did not believe that Peking could be wooed away from Moscow by making concessions now on the issues on which the Peking Government was demanding the adoption of their views, such as the handing over of Formosa and seating in the U.N. The United States, in short, wished the existing regime in Peking to fall but they did not intend to undertake any overt commitment to bring it down. They could, however, do something to confuse and impede its activities.

He went on to tell me some of the reasons which led them to believe that such a policy might succeed — reasons which he asked me not to put on paper. These led to the view that the present regime was not nearly as monolithic as it might appear. There are factions inside the regime which are much disturbed about the relations with Moscow. Recent intelligence gave some reason to believe, for example, that even the Chinese military commands in Manchuria and Korea had been separated from the control under Peking of the north China theatre and had been placed under the direction of the Soviet Siberian theatre command. Elements in Peking resented the Russian penetration of Manchuria, and there was evidence that Russian advisers were interesting themselves in all sorts of detailed matters. It was probable that all Chinese purchases abroad had now to receive Russian approval. Developments such as these and awareness of purges throughout the Communist sphere were creating lively apprehensions among these elements.

Mr. Rusk said that the main purpose of their present policy towards Peking was "to get China unhooked from Russia". The chief changes in world power in the last two years arose from Russian possession of the atomic bomb and the addition of China to the Russian sphere. He believed that the end of unhooking China from Russia would be best achieved by making those in Peking realize the cost of living with the U.S.S.R. In Peking the pro-Moscow elements in the Communist Party are now on top, but there is a strong nationalist element. It would probably take some

time before the balance could change, and one could not guess in advance what would be effective in changing the balance. He suggested, however, that a difference might be made by the defeat of the 4th Chinese field army now engaged in Korea, the commander of which was a strong supporter of the Moscow-Peking axis. He added that the position of the commanders of the Chinese field armies in some degree resembled that of the former war lords in China.

The current appreciation in the State Department of the extent of Soviet influence on China is that it is now very great and that Moscow therefore is playing a controlling part in Chinese actions in Korea. China, however, is the weakest part of the whole Communist sphere and the area most likely to break off from Soviet domination. Concessions to current Chinese demands would strengthen the position of the elements in Peking who are most subservient to Moscow.

I then brought up the question of the continued recognition by the United States of Chiang Kai-Shek asking in view of what Mr. Rusk had said about the possibilities of the Peking regime itself, through some internal convulsion, changing its direction whether the support for Chiang was in the nature of a blind. He agreed that this was partly the case, remarking that there were very few in Washington who expected that control of the mainland could ever be recovered by the Chinese Nationalists. In reply to a question he said that it was probable that the chief purpose of those now in control in Peking in demanding a seat in the U.N. and the return of Formosa was to secure the disappearance of Chiang Kai-Shek as leader of an alternative government. Meanwhile, refusal to meet these demands in any way was an effective means of exercising pressure inside the Peking regime; those in Peking who wished to break away from Moscow would not welcome at this stage the de-recognition of Chiang by the United States — presumably because they could now blame on Russian interference the failure to attain legitimate Chinese aspirations.

We turned then to the consideration of the extent of agreement possible between the Western allies in the light of Mr. Rusk's explanations. He said that it was easy to see agreement with the United Kingdom, Canada and other countries on the desirability of aiming for a cease-fire in Korea on the line of the 38th Parallel and, as the next step, the establishment of a *modus vivendi* in Korea which would involve a return to the territorial situation of last June and the withdrawal of foreign forces. If, however, we went on from there to a conference on Far Eastern questions, he did not at present see how agreement could be reached even among the Western powers on what the outcome should be. The United States would not make any promises in advance involving concessions on the main issues. For the reasons given he believed that such very desirable purposes as the prevention of Communist attacks on other Asian territories would best be achieved by their aim of working for a great change of direction in Peking, rather than by seeking commitments at a conference in which the Russians and the present masters in Peking would be seated.

I then said that a great deal in his explanation was new to me. It seemed to me that there was no fundamental difference between the purposes of United States policy in the Far East as he put them and the purposes of the British, insofar as I

understood them, and of Canada. The difference related to the method of encouraging the "unhooking" of Peking from Moscow. Why should there not be a frank discussion with the British? Mr. Rusk said he did not believe it possible for such a discussion to take place at present, although if Mr. Bevin were able to return in good shape to the Foreign Office something might then be done. He remarked on what he called the "little England" attitude of the Labour Government and their over-concentration on domestic affairs, and he left me with the impression that he had exposed to me the thinking of the State Department more fully than had been done to any representative of the United Kingdom.

At the close of our lengthy talk I read to him most of paragraph 17 of your despatch expressing admiration and appreciation for the leadership given by the United States since the Korean outbreak in strengthening the forces of the Western world. He remarked that, putting on one side the compliments, he believed that the conclusions drawn in your despatch were true and encouraging and that with patience and firmness we might avoid war and discover some method of living tolerably in the same world as the Soviet Union.

86. 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 219 New York, February 16, 1951

SECRET. IMPORTANT.

Repeat Washington No. 152.

KOREA

Late yesterday (Thursday) I called on Lie, who is leaving Saturday on a fortnight's visit to South America. He will be in Chile for the opening of ECOSOC, and will return by way of Ecuador and Peru. I asked him about Korea, the Disarmament Committee and one or two other topics on which I am reporting in this and my immediately following teletypes.†

2. Concerning Korea, Lie said that Entezam had now formed his Good Offices Committee, but had delayed announcing it or indeed even formally constituting it. He had, meanwhile sent a message to Peking through the Swedish Embassy. In this message he had informed Peking that he had selected two persons to assist him with his work of good offices, that the functions of good offices group could be performed either by the group as a whole or by any members of it, and that he, in his capacity as President, was prepared to meet a representative of the Chinese Government either in New York or Geneva, or to have his representative go to Peking to meet the Chinese authorities, and by one of these methods, to ascertain their views concerning the possibility of working out a Far Eastern settlement. I am

not sure of the actual phrasing of the message, but Entezam appears to have done precisely what you suggested to him ten days ago, except that he has taken the preliminary step of selecting though not formally constituting his cease fire group.

87.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, February 19, 1951

. . .

FAR EAST: KOREA

. . .

13. *Mr. Norman.* The Additional Measures Committee met for the first time during the past week to organize its activities for carrying out the provisions of the General Assembly resolution condemning China. It decided to maintain close contact with the Good Offices Committee; it did not discuss sanctions against China. The Canadian representative was instructed to take the same stand as the United Kingdom representative on the question of sanctions, i.e., that any attempt to impose economic or diplomatic sanctions should be resisted. (UNCLASSIFIED)

. . .

88.

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

TOP SECRET

Washington, February 23, 1951

Dear Mr. Pearson[25]

Mr. Rusk suggested that I have a talk with him this afternoon after one of the meetings of Ambassadors at the State Department, and I therefore took the opportunity of going over with him some of the matters which arose during our discussions in Ottawa this week, especially with reference to your consideration of my report of my talk with Mr. Rusk on February 14th which I handed to you in Ottawa on Monday morning.

I sought to lead him into developing further the evidence in the possession of the United States Government about the balance of forces inside the Peking Government. I was not very successful in this, and although he repeated the general observations which he had made at our previous talk he did not amplify them

[25] Note marginale :/Marginal note:
Mr. Reid to see and show Mr. Norman only. A.D.P.H[eeney] Feb 27.

significantly. He pointed out, however, that public reports were coming in today from Peking about internal difficulties in China. He would not go so far as to say that he had a "reasonable hope" that the nationalist elements would supersede or get control of the pro-Moscow forces within a few months, although he thought that there was enough chance of this taking place to warrant some waiting on events. He added that the position should be rather clearer in a month or so.

He agreed when I said that his explanation of the basis of U.S. policy seemed to show that the differences with the British in particular were over means rather than ends. The withdrawal of recognition from Chiang Kai-Shek, for example, would in his judgment be acclaimed inside China as a considerable victory for those now in power and therefore would strengthen their hold. I told him that some thought had been given in Ottawa to a Canadian withdrawal of recognition but that I judged from my discussions there that consideration of this step would be deferred for some weeks.[26]

I then brought up again the desirability of a frank and private exchange of views with the British Government. He once more referred to their hesitation in undertaking this at the present time because of some of the personalities involved. While he did not specify, he seemed to have in mind the left-wing members of the government and the frequent criticisms of the United States which have been coming from their supporters in the Labour Party. He remarked that they had not talked to anyone in London as freely as he had spoken to me but they would probably feel able to do so if Mr. Bevin was fit enough to assume real control of the Foreign Office again. He said that he might himself make a quick trip to London before long.

I asked him about the suggestion for private three-cornered talks here on Far Eastern affairs inquiring whether it was still alive. He said that he thought it was. If so, it will not be followed up for some days as Mr. Acheson is leaving this afternoon for a holiday in Bermuda.

I then asked about their attitude in the event of a Chinese move into Indo-China. He told me that there were some Chinese already in Indo-China although the French had not publicly admitted this. Chinese had been killed in action and a few prisoners had been taken. If the intervention became really strong he thought it would be impossible for the French to defend Tonkin although they might be able to hold out in the strong redoubt of Haiphong for a considerable period. There was no possibility of the United States providing ground forces and it was doubtful whether air strikes from carriers could do sufficient damage. He believed it unlikely that the French would bring the issue before the United Nations, as they would be unsure of the votes. He left me with the impression that the United States would not take the initiative in such a case and also that they had not got very far in their consideration of various courses of action.

He went on to say that their estimate of Chinese military capabilities was that if they went all out they were strong enough in time to deal with Indo-China, Korea and Hong Kong. They took the possible threat to Hong Kong more seriously than the British. He showed me a telegram just received from their man there passing on

[26] Voir le document 949./See Document 949.

reports of substantial Chinese troop movements to the Hong Kong region. Their conclusion from their current intelligence is that intervention in Hong Kong and in Indo-China, or in one or the other of them, is more likely than an attack on Formosa.

He remarked that an attack on Hong Kong would bring to an end the current differences on policy between the British and the Americans, which would be to Chinese disadvantage. He thought, however, that inside China it might well solidify the supporters of the Peking regime and ease the present strains and stresses. They might think that this would make an attack worthwhile.

I told him that the decision announced on Wednesday to send the balance of the Special Force to Korea had been taken immediately and without argument as soon as the Government had received a clear indication of the wishes of the Unified Command.[27] He was very pleased to hear this and said he would pass it on to Mr. Acheson if I had no objection before Mr. Acheson's departure today.

If after considering this letter there are further questions you would like me to put to the State Department, it would be helpful to me if you would list them in a letter or message to me. I am enclosing a copy of this letter which you might be good enough to pass to Mr. Heeney.

Yours sincerely,

H.H. WRONG

P.S. They are puzzled about the absence of Russian equipment among the Chinese forces in Korea. Apparently none has been identified with the Chinese. Rusk said that the explanation might be that the Russians were only providing equipment on a barter or payment basis which the Chinese were unable to meet. From documents taken last year in Pyongyang they had found that there had been no free delivery of Russian equipment to North Korea.

He remarked that they were ready to talk more freely with you than with anybody now operating in London. If we do get into high level private talks here, we might manage to arrange a discussion when you take a holiday at Easter. Franks is leaving for London on March 3rd before Acheson gets back from Bermuda, but I think that he will be back by about the time you might be coming this way.

H. W[RONG]

[27] Voir le document 124./See Document 124.

DEA/50069-A-40

89.

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 251

New York, February 26, 1951

SECRET. IMPORTANT.

Repeat Washington No. 178.

ADDITIONAL MEASURES COMMITTEE

After returning from Ottawa, I suggested to Shann of the Australian delegation and to Jebb that consideration might be given to approaching the work of the Additional Measures Committee by concentrating in the first instance on additional measures that might be undertaken to fulfil United Nations purposes in Korea. I added that in this way it might also be possible to limit the effect of any general measures which might subsequently be contemplated. For example, if a general recommendation to member states is contemplated for the purpose of preventing military supplies reaching the Chinese, this recommendation could be formulated as a measure to prevent military supplies reaching the forces engaged in the aggression in Korea. Action for this purpose would necessarily prevent military supplies going to China, without China being specifically mentioned in any Assembly resolution.

2. I hesitated to make this suggestion to the United States delegation until I had gained some idea as to whether or not it would be acceptable to other delegations. I now find, however, that Jebb, in a meeting with the United States delegation late last week, told the United States delegation that we were proposing to follow the line indicated in paragraph 1 of this telegram, and said that we hoped the United Kingdom would give us very strong support. I am not quite clear how the United States delegation took this information, and I have not yet had an opportunity to speak to any of them about it myself.

3. The United Kingdom delegation has been instructed to urge that the Additional Measures Committee should concern itself in the first instance with diplomatic measures. Their idea is that this will occupy time, and that since there will be no agreement as to any diplomatic measures that might be taken, the effect will be to delay the progress of the work. This procedure seems to me to have dangers, and I think that they are now asking for new instructions which would enable them to follow the line which we have suggested.

90. 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 265 New York, March 1, 1951

SECRET

Repeat Washington No. 192.

ADDITIONAL MEASURES COMMITTEE

I spoke to Gross on February 28th about the work of the Additional Measures Committee. He said that the United States delegation was disappointed over the course of action which the bureau of this committee (as outlined in my teletype No. 263 of February 28th)† was proposing to take. If the bureau brought in a report outlining all conceivable additional measures that might be considered, and the task of making a selection amongst these measures was referred to a sub-committee which included the United Kingdom, United States, and France, the effect might be exactly the opposite of what was desired. In the public mind, the full list, as prepared by the bureau, might become the norm or standard upon which action should be based. Any selection amongst these measures would in that case be regarded as a watering down of the full program. The expectation might then be built up that the full program as outlined in the bureau's report would gradually be put into effect. The Chinese Communists on the other hand would regard the full list as prepared by the bureau as a catalogue of horrors which was being brandished at them but which the United Nations was not immediately putting into effect because it lacked either the will or the ability to do so.

2. I told Gross that we had been concerned about the course of action which the Additional Measures Committee should follow. It seemed to us that the difference of opinion about additional measures which were both desirable and practicable was so great that the debates which had taken place in the First Committee during the Korean resolution might be repeated both in the committee and subsequently in the Assembly with the same divisive consequences. In the end it might be impossible to secure in the Assembly the adoption of a recommendation for additional measures which would have any material effect on the position of the Chinese Communists. In these circumstances, we would get the worst of the matter both ways. We would have had a disagreeable debate and a divided vote, and we would have gone through the motions of disciplining the Chinese without seriously impeding their aggressive activities. For this reason we had been wondering whether the committee should not consider, in the first instance, the possibility of recommending measures to support the United Nations resistance to aggression in Korea, rather than consider measures to discipline the Chinese. In some respects, this might produce the same result though terms would be used which could be generally supported. For example, many Asian states might be unwilling to vote for

an arms embargo against China. On the other hand they would find it difficult to vote against a recommendation that member states take the necessary steps to prevent arms reaching forces which were committing aggression in Korea. If the United States delegation insisted on discussing diplomatic measures, the same considerations might apply in that case. States which would be unwilling to vote in favour of freezing the present situation in regard to representation of Communist China as a sanction, might be prepared to support a recommendation to the effect that, while the aggression in Korea continued, consideration should not be given to the representation in the United Nations of authorities, not at present represented, who supported that aggression.

3. Gross said that as far as the first of these considerations was concerned (the divisive effect of the debate on the vote), they had been inclined to think that the result at the end of the debate on the Korean resolution of detaching some of the Arab states from the Asian bloc, and of separating Indonesia and Pakistan on the one hand from Burma and India on the other, had been far from discouraging. He thought that the violence which the Soviet bloc had shown in denouncing the resolution, including the language used by Stalin who had felt that he personally must come out against it, had demonstrated the effectiveness of the judgment which had been recorded. As far as the effect of the measures actually proposed was concerned, he was inclined to think that an effort to concentrate the attention of the committee upon the aggression in Korea might create the expectation in the United States that something should be done about Manchurian bases. He thought also that in the diplomatic field, a recommendation of the General Assembly might be of very considerable importance in preventing a change of representation in bodies which were nearly equally divided between recognizers and non-recognizers. In the Peace Observation Committee for example, which would have to be constituted before very long, the balance was equal. He thought, however, that there might be something to be said for the approach which I had suggested, particularly if it were made clear that the Additional Measures Committee was not limiting itself indefinitely to a consideration of the aggression in Korea alone, and that, if circumstances warranted, the application of measures over a wider field might be considered. I do not think, however, that the United States delegation will be prepared to accept the point of view I suggested without a good deal more persuasion.

DEA/50069-A-40

91.

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 210 Ottawa, March 2, 1951

SECRET. IMPORTANT.

Repeat Washington EX-471.

Reference your telegram No. 251 of February 26 and telegram No. 204 of February 12.†

ADDITIONAL MEASURES COMMITTEE

1. As you will have learned from our discussions when you were in Ottawa, we consider your suggestion that the Additional Measures Committee should concentrate on securing additional measures in Korea to be a fruitful approach. It is encouraging to learn that Jebb is interested in this idea and I hope that the British will support you. We consider this a sound policy and you should not hesitate therefore if you consider it opportune to take the initiative in putting forward this policy privately to friendly delegations and supporting it in the Committee.

2. In Paragraph 3 of your telegram No. 205 [of February 12] you have spoken of a switch of emphasis from sanctions against China to additional measures in Korea and this seems to us the proper approach. To argue that the Committee ought not to consider sanctions against China would be contrary to the intentions of those who proposed the Assembly Resolution and might well provoke a sharp conflict with the United States delegation and public opinion. To emphasize, however, that for the time being the most effective and appropriate means of opposing Chinese aggression would be by additional measures in Korea strikes a positive note which might have its appeal for the Americans. In doing so you could emphasize that this seems the best policy at the present time without raising the question as to whether sanctions against China itself might later be considered.

92. 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 292 New York, March 6, 1951

SECRET. IMPORTANT.

Repeat Washington No. 203.

ADDITIONAL MEASURES COMMITTEE

1. As reported in my telegram No. 265 of March 1st, the United States delegation objected to procedure proposed by Bureau of Additional Measures Committee, according to which bureau would present to committee a report outlining all conceivable additional measures, and leave to a sub-committee the task of making a selection from amongst this extensive list for consideration by the committee. Sarper and Nisot, somewhat discouraged by heavy weather into which the bureau had unexpectedly run, turned over to Shann the task of negotiating with the Americans, British and French a report which would be mutually satisfactory. The report which has gone through two revisions is now ready for the committee and will be

presented on Thursday next (8th March). As you will see, bureau has concurred in United States desire that a selected list be presented. List of possible additional measures as given in my immediately following teletype is therefore much more restrictive than in original proposal as given in my teletype No. 264 of February 28th.† On the other hand, United States and other delegations have concurred in proposal that a sub-committee, to consist of United States, United Kingdom, France, Australia, and the Philippines, be established for the purpose of considering priorities in the work of the committee.

2. I understand that though United Kingdom delegation has agreed to concur in the submission to the full committee of the list of possible additional measures contained in my immediately following teletype, no (repeat no) agreement has been reached between United Kingdom and French delegations on the one hand, and United States delegation on the other, as to action which should eventually be taken in regard to the measures to be proposed. In section II, for example, a list of diplomatic measures is given. As I understand, United Kingdom and United States still take diametrically opposite views in regard to these proposed measures, and present intention is eventually simply to put to a vote the question whether or not they shall be adopted.

3. If it continues to be your view that we should adopt policy as approved in your teletype No. 210 of March 2nd, I would suggest that I put a proposal in the terms we have been considering, to the committee when it meets on Thursday, and then suggest that the proposal, instead of being voted upon, be referred to the sub-committee for its consideration in determining how to proceed with the order of business suggested in the report of the bureau.

4. Report of bureau contained in my immediately following teletype has been given us by Australian delegation privately and it has not (repeat not) been given to all other members of the committee.

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93.

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

New York, March 6, 1951

TELEGRAM 293

SECRET. IMPORTANT.

Repeat Washington No. 204.
Reference my immediately preceding teletype.

ADDITIONAL MEASURES COMMITTEE

Following is text of list of possible measures for consideration by the ad hoc Committee to be presented in the report of the bureau on Thursday next. First six paragraphs are preamble by the committee. Annex II to which reference is made in

sixth paragraph was forwarded under my despatch No. 197 of March 1st,† text begins:

"In presenting the list attached as Annex I, the bureau wishes in no way to suggest that the measures contained therein may be appropriate. It may be that some of these lines of approach would be undesirable. If this were to be the case, the bureau would feel that it would be better for the committee to face this fact rather than to recommend action prematurely and without full consideration.

It should also be made clear that the mere fact that items are included in the list does not permit the inference that they are under active consideration by the committee as practical measures.

The question of how practical this or that avenue of approach may be raises matters concerned with the conduct of the committee's work. It would seem to the bureau unwise for the committee as a whole to take this list of *possible* measures as a kind of agenda. In the circumstances, it would be the recommendation of the bureau that the committee should appoint a sub-committee to consider what might be practical in this field and to report to the main committee, thereby greatly simplifying the work of the main committee and minimizing the possibility that it might be implied that the committee was considering a wide field of punitive action. The sub-committee should also consider priorities in the work of the committee.

Such a sub-committee might consist of five members of the committee, including some of the countries most closely involved.

This list does not include measures which have already been taken by the United Nations, or which are in process of being taken, under existing resolutions of the Security Council and the General Assembly, such as military, financial, economic and other relief assistance to victims of aggression, appeals to the parties, and so on.

For the information of the committee, a brief historical survey of the experience of the League of Nations in this field, which has been prepared by the secretariat at the request of the bureau, is attached as Annex II.

ANNEX II

List of Possible Questions for Consideration by the Committee

I. Should any of the following economic and financial measures be taken?

(1) Arms embargo;
(2) Trade restrictions;
(3) Restrictions on communications with the aggressor;
(4) Financial restrictions.

II. *Diplomatic Measures*

Should any of the following diplomatic measures be taken?

(1) Diplomatic representations, collective or otherwise;
(2) Withholding of recognition;
(3) Restriction of diplomatic relationships;
(4) Denial of representation in the United Nations;

(5) Non-recognition of the results of an aggression.

III. Should any of the following military measures be taken?

A. Additional measures in support of United Nations armed action in Korea:

(1) Provision of additional forces by member states already participating in the United Nations action in Korea;

(2) Broadening United Nations participation in the armed action in Korea, i.e., provision of armed forces by member states not currently participating in the United Nations action;

(3) Increasing and broadening support assistance (i.e. supplies, air and sea transport, medical aid etc.) of member states participating or who have not yet participated, in support of United Nations armed forces in Korea.

B. Other military action.

IV. Should further steps be taken to bring to the knowledge of the people of the world, especially the people of China and Korea, the nature of the United Nations action in Korea, and the aims and objectives of the United Nations there? Text ends.

DEA/50069-A-40

94.

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 302 New York, March 9, 1951

CONFIDENTIAL

Repeat Washington No. 208.

ADDITIONAL MEASURES COMMITTEE

1. A closed meeting of this committee was held at 3 p.m. yesterday, 8th March, at which time the report of the bureau was submitted to the committee.

2. Before submitting the "list of possible questions for consideration" prepared by the bureau, the chairman (Sarper) dealt with the various organizational matters which had been referred to the bureau. These concerned (a) a title for the committee, (b) a request from the Republic of Korea to participate in the work of the committee, (c) liaison with the C[ommittee] G[ood] O[ffices] [sic].

3. So far as the title was concerned, the bureau recommended the name "Additional Measures Committee". This was agreed to by the committee without discussion. So far as (b) was concerned the bureau had drafted a letter to be sent to the Republic of Korea pointing out that the composition of the A.M.C. had been determined by a resolution of the Assembly and that, in any case, the Republic of Korea continued to have the opportunity to express its point of view in the Political Committee of the Assembly. This letter was agreed to with a modification to the effect

that the A.M.C. might at some later stage decide to have a representative of Korea appear before the committee. So far as (c) was concerned, the chairman pointed out that he had understood from his discussions with the CGO that the latter had no definite information to report regarding "satisfactory progress" and that, in view of this, he had decided to call a meeting of the full A.M.C.

4. The chairman then presented the "list of possible questions for consideration", together with the two annexes, which I have already sent to you (my teletype No. 293 of 6 March and despatch No. 197 of 1 March†). In presenting his report Sarper emphasized that the bureau had not considered the substance of these possible measures or the question of priorities. He also stressed that the three members of the bureau were not bound, as individual representatives, by this list. Finally he suggested, on behalf of the bureau, that the sub-committee of five members should consist of Australia, France, Venezuela, the United Kingdom and the United States. This sub-committee would have the task of considering the practicability of the various measures suggested and also the question of priorities.

5. Without discussion the committee agreed to the idea of the sub-committee and to the composition suggested by the chairman.

6. LaCoste of France then made a short general statement emphasizing the importance his delegation attached to the preamble submitted by the bureau, and the need for careful scrutiny of the practicability of the various measures suggested.

7. I then spoke in the sense agreed to in our previous correspondence emphasizing the Canadian view that the committee should, in the first instance, consider the recommendation to the Assembly of direct additional measures in Korea itself, it being understood that such consideration would not prevent the committee from considering at a later stage additional measures of a "more general nature".

8. After I had spoken there was no discussion of the substance of our proposal. I then said that I was prepared to submit our proposal in a formal manner, if this was considered desirable, but that I did not think it was necessary to do so at the present stage. I suggested that the sub-committee might consider the proposal.

9. No other representatives spoke on the substance of the committee's work, and a somewhat confused discussion then took place regarding relations of the committee with the press. This was precipitated by a letter from the Acting President of the United Nations Correspondents Association addressed to the chairman of the committee, asking the committee to reconsider its decision to have the committee meet in closed session. This letter, the first of its kind in the United Nations, pointed out that three important committees of the United Nations were now meeting in closed session (the A.M.C., the C.M.C., and the C.G.O.) and in a careful and reasonable manner raised some important questions about the access which correspondents should have to United Nations proceedings. After discussion it was agreed that the chairman should orally inform the Acting President of the U.N.C.A. that the committee had considered this letter carefully, but that, in the present circumstances, the committee felt that it could proceed more usefully with its work in closed sessions. Discussion then took place regarding a communication to the press following the meeting of the committee.

10. I am sending you by bag an additional copy of the report of the bureau as submitted at yesterday's meeting.

DEA/50069-A-40

95.

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-542 Ottawa, March 14, 1951

SECRET

Repeat Permdel No. 230.

KOREA

For Wrong from Pearson, Begins: It looks to me as if once again we will be confronted, without warning, by a sudden change in American policy in Korea. You will recall that we have been requested, very sensibly, not to give the impression that any decision has been finally taken to cross or not to cross the 38th parallel. It would appear, however, from General Ridgway's statement that he or MacArthur or the Unified Command, or all three, have already taken such a decision.[28] As in the case of the St. Lawrence, we have been asked to co-operate in mystifying the opposition, with the only result that actions are taken by Washington which mystify us even more than the opposition. From here it is difficult to give any other interpretation to General Ridgway's statement than that indicated above, but possibly I may be wrong. Could you find out what, if anything, has happened. For one thing, if Ridgway is correct, and victory will be won when we get to the parallel, what is the point of sending the Canadian Brigade to Korea. It is certainly too good a Brigade for police duties alone. Have there been any developments in Peking in regard to the matter which you talked to me about when you were here, and on which the U.S. authorities seem to rely as a means for ending the Korean conflict.

[28] Le 12 mars, le général Ridgway a indiqué aux reporters qu'il considérerait que les troupes de l'ONU auraient remporté une victoire si, à la fin de la guerre, elles contrôlaient la Corée jusqu'au 38e parallèle. Voir *Hearings*, p. 454.
On March 12, General Ridgway told reporters that he would call it a victory if the war ended with the U.N. in control of Korea up to the 38th parallel. See *Hearings*, p. 454.

96. 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-966 Washington, March 15, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 141.
Following for Pearson from Wrong, Begins: Your EX-542 of March 14th. General Ridway's statement of March 12th.

1. I am sure it would be inaccurate to regard Ridgway's references to the 38th parallel as indicating that a new decision has been taken that the parallel will not be crossed in any circumstances. The position remains that there will be prior consultation through the Ambassadors here of countries with forces in Korea before major operations above the parallel are undertaken, although offensive patrols and amphibious raids into North Korean territory may take place if operational conditions warrant.

2. I personally welcomed Ridgway's statement, except on the one point that he is quoted as saying "We set out to stop Communism" instead of "We set out to stop aggression in Korea". I think his main purpose was to make it clear that the war in Korea was worth fighting even if it ended with the re-establishment of the territorial situation which existed when it began. I take it that you agree with the view that the military objectives should be limited to the defeat of the aggression against the Republic of Korea and that the United Nations ought not to seek to impose by force the unification of the whole country. I reported as long ago as February 1st (my WA-397) that Rusk had told me that this position was being taken. He repeated it at a meeting of Ambassadors on February 16th (WA-622†), and it was set forth in the paper which he circulated at the meeting of Ambassadors on February 20th (WA-651†).

3. I think that Ridgway, with an eye to the spirit of his troops, had also in mind the administration of an antidote to the effects of MacArthur's grandiloquent statement of March 7th and particularly to his reference to the prospects of reaching "a point of theoretical military stalemate".[29] Would you agree that it was good stuff from this point of view?

4. The general expectation is that there will be another large Chinese offensive and that the recent Chinese withdrawals are an example of "reculer pour mieux sauter". It is likely that the reported evacuation of Seoul is not welcomed by the Field Command, as they would rather meet a new offensive on the Western flank with the Han River in front of them. The Chinese certainly have the capability of staging another offensive before long. I imagine that this expectation explains why

[29] Voir/See *New York Times*, March 8, 1951.

Ridgway described as "a purely hypothetical question" the establishment of military control up to the parallel. Unless the Chinese unexpectedly clear out of the Republic of Korea or are now ready to talk about a cease-fire, there will be a good deal more fighting, and on present prospects there is no ground for assuming that the Canadian brigade will have only police duties to perform in Korea.

5. I did not mean during our talks in Ottawa last month to leave you with the impression that it was thought here that certain developments in Peking might provide a way to end the Korean war. I think that it is rather the other way around — that the destruction of large Chinese forces in Korea might help to bring about developments in Peking through discrediting those responsible for the Korean venture.

6. Ridgway's statement and Rosenthal's despatch in yesterday's *New York Times* will be discussed at a meeting tomorrow at the State Department at 3:00 p.m. If there are any points which you would like me to make, I should be glad to hear of them in time for this meeting. Ends.

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-598 Ottawa, March 21, 1951

SECRET. IMMEDIATE.

CEASE FIRE IN KOREA

As you will see by my statement in the House of Commons yesterday (a copy of which has been sent to you by bag) I think that it would be unreasonable to attempt to prevent the United Nations forces from maintaining contact with the enemy in Korea at least to the extent necessary to prevent a new Communist offensive being mounted without our knowledge. At the same time, I think that no major United Nations offensive should be planned or initiated. Instead, an attempt should now be made, taking advantage of the present *de facto* stabilization of the front to negotiate with Peking, aiming at a cease fire and eventually a settlement. When Sir Benegal Rau was in Ottawa last weekend there was an informal and frank discussion at dinner on Saturday night. Rau showed considerable interest in the suggestion that conditions might be propitious for an Indian attempt to induce Peking to enter into negotiations. An account† of this conversation will be sent to you by bag.

As I told you by telephone yesterday afternoon, my colleagues and I think that it would be wasteful if the small but well-trained striking force represented by the Canadian Special Brigade were sent to Korea merely to engage in some sort of police action. The United States authorities will probably succumb to the temptation to argue that as they have borne the brunt during the heavy fighting we should be willing to take over the police action and allow some of them to go home now.

This, however, is an emotional argument and one which does not consider the best use of the forces at the disposal of non-Communist powers. I should be grateful if you would make these views known to the United States authorities, at the same time making it clear that they are based on consideration of the general good rather than on a desire of the Canadian government to escape from its obligations.

98.

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-1116

Washington, March 24, 1951

SECRET. IMPORTANT.

KOREA

1. Your EX-607 of March 22nd.† The changes in the proposed draft statement were given to Rusk yesterday morning but there has as yet been no discussion of them with the State Department. Mr. Acheson remarked to me on March 22nd that the statement should be issued just as soon as possible. He said that there had been considerable difficulty in securing agreement on its contents between the Defense and State Departments. As of this morning, however, the views of the United Kingdom Government have not been received at the British Embassy.

2. Your EX-598 of March 21st crossed my messages WA-1069† and 1070† about the draft statement. In view of your instructions to make known the views expressed in it to the United States authorities, I thought it well to incorporate the substance of your message, although not the exact language, in a letter to Mr. Rusk,† which I handed to him on the afternoon of March 22nd. He made little comment on the matters raised in paragraph 1 of EX-598 except to repeat that no major United Nations offensive was being planned or initiated. Both he and Mr. Acheson, however, told me of their concern at the thinness of the United Nations forces and the need, in order to preserve their security, of constantly keeping the enemy off balance in order to increase enemy difficulties in mounting a strong offensive; both mentioned in this connection the appearance in the present fighting of two Chinese armies from the Third Field Army which had not been in contact with the United Nations forces since last December.

3. With regard to the contents of the second paragraph of EX-598 concerning the Canadian brigade group, in Rusk's view it would be miraculous if the military situation were to be cleared up before the time of their departure for Korea sufficiently to make it evident that they will not be needed for combat service but only for police duties. He emphasized the urgent need for fresh troops in Korea and the almost total lack of reserves. I reminded him that the Canadian troops were offered only for combat service. He said that he was aware of this but no-one could say that they would not be needed for combat service unless a cease-fire were arranged

before they reached Korea. Failing this, I think that we must accept it that the Unified Command will not be moved to notify us that the balance of the brigade group can be better employed elsewhere.

4. I am sending by the next bag copies of my letter to Rusk of March 22nd based on your EX-598. Incidentally, I was not able to speak to Sir Oliver Franks as suggested in paragraph 10 of your EX-607 since he will not arrive from London until the middle of next week.

DEA/8508-40

99.

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

Ottawa, April 2, 1951

SECRET

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KOREA

15. *M. Delisle.* As a result of General MacArthur's statement of March 23, the United States Government has postponed its plan for governments contributing forces to Korea to issue a statement of United Nations objectives in Korea as a prelude to possible negotiations with Chinese Communists. In the meantime the United Kingdom has put forward another plan with the same purpose but consisting of two different statements, one to be issued jointly by governments with forces in Korea (along with India, Sweden and Denmark), and a second to be issued by President Truman as Chief Executive of the Unified Command.

16. In the United Kingdom plan the announcement would be followed by an approach to the Chinese and perhaps to the Soviet Governments drawing their attention to the joint declaration, expressing the desire for a peaceful settlement in Korea and requesting an expression of the views of the Chinese and Soviet Governments. The joint declaration would follow closely the Statement of Principles adopted by the Political Committee of the United Nations on January 13 and the lines of Mr. Pearson's subsequent suggestions for a six-point programme.

17. The preliminary comments of the State Department were on the whole favourable to the United Kingdom proposal. Mr. Rusk has suggested that the United Kingdom should prepare a draft of the joint declaration for consideration by the United States and other governments concerned and that the State Department would undertake to prepare a draft of a declaration which might be issued by the Unified Command.

18. While we favour the transmission of a joint declaration to the Chinese People's Government as soon as possible, we have suggested the following changes to the United Kingdom plan:

(a) the declaration should not be published before being sent to the Chinese People's Government;

(b) the United Nations should be brought in as soon as possible; the President of the General Assembly might be asked to transmit the declarations in confidence through the Indian Representative in Peking;

(c) we are not convinced of the wisdom of approaching the Soviet Government;

(d) careful consideration should be given to the question of the timing of the declaration. (SECRET)

19. The United States Secretary of Defence clarified the question of General MacArthur's authority to cross the 38th Parallel when he said on March 27 that the United Nations Commander would be guided by the necessity to safeguard the security of his command and although there were no geographical limits to an advance in North Korea so long as the security of his command was maintained, the question of a sweep across the Parallel was a matter for political consideration. The United Nations line presently extends across the peninsula roughly 4-8 miles south of the Parallel. (SECRET)

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100. 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

SECRET [Ottawa], April 11, 1951

RE KOREA; GENERAL MACARTHUR'S PUBLIC STATEMENT

This is to record, briefly, what transpired on this subject at our conversation on Saturday morning with the U.S. Ambassador.

You said to Woodward that the Canadian Government had been very much disturbed by General MacArthur's open difference in essential policy with the stated objectives of the United Nations, in Korea. His letter to Representative Martin was in direct contradiction to the policy of the United Nations in which the U.S. Government had concurred.

Substantial numbers of Canadian troops were about to embark to join U.N. forces in Korea and this was an added reason for the Government's concern. You made it quite plain that we were opposed to any extension of the Korean hostilities, that in our view MacArthur's public attitude had set back materially the prospects of negotiated settlement; at the same time we recognized that the U.S. Administration did not share MacArthur's views.

You said that you would not wish the U.S. Government to be under any misapprehension as to the Canadian attitude and that our Ambassador in Washington had been instructed to inform U.S. authorities to this effect.

A.D.P. H[EENEY]

101. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, April 23, 1951

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KOREA AND THE UNITED NATIONS

6. *M. Delisle.* A few days before General MacArthur's speech to Congress the United States Delegation at Lake Success suddenly pressed for a meeting of the sub-committee of the Additional Measures Committee with the declared purpose of having a proposal for economic measures against Communist China passed to a meeting of the full committee before MacArthur spoke to Congress. The United States move was designed to enable its representative in the full committee to urge an immediate active programme of economic sanctions for public consumption and thus counteract in advance part of the probable adverse effect of the MacArthur speech. At the same time the United States representative pressed for a report to the First Committee of the General Assembly which should meet as soon as delegations had an opportunity to receive instructions.

7. Because of strong British, French and Australian objections in the sub-committee the United States move was modified to a recommendation that the Additional Measures Committee give first priority to a consideration of economic measures against China but with no agreement as to when the full committee should meet. In view of the strong United States pressure it is probable the meeting will take place no later than the week of April 23, although there is a strong desire for indefinite postponement because of the belief that a recommendation on this subject at the present stage is premature and likely to jeopardize possible negotiations.

8. Our Ambassador in Washington has obtained from the State Department a different explanation of this move for action in the Additional Measures Committee. It is reported that the objectives are much more limited then those reported from New York and that there is no thought of convoking a meeting of the Political Committee. No advice on substance or timing is being given Mr. Holmes until United States policy clarifies enough for us to know what is behind the move.

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102. 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-1718 Washington, April 25, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 204.
Your EX-871 of April 20th† and Permdel's 407 of April 24th† (repeated Washington 299). Additional Measures Committee.

1. We have now had an opportunity to obtain some clarification of State Department thinking about the work of the Additional Measures Committee from the State Department and from the British Embassy. From our consultations here we judge that the apparent difference between the attitude of the United States delegation in New York and the State Department in Washington derives from a difference in emphasis and the zeal with which the United States delegation apparently has sought to push State Department views on this question.

2. As Holmes has reported to you in his No. 407, Franks saw Hickerson over the weekend at Hickerson's request. A similar approach was made to the Australian and French Ambassadors. These representatives were chosen because of their countries' memberships on the sub-committee of the A.M.C. Venezuela had apparently already agreed to the United States proposals.

3. In his talks with Franks, Hickerson expressed the hope that the United Kingdom Government would not continue to insist that the Additional Measures Committee should withhold its report until the Good Offices Committee had submitted a report on the progress of their negotiations. He said that in the opinion of the State Department the Additional Measures Committee should meet at the latest by the end of this month and should take up the proposal to impose a limited selective economic embargo against Communist China. His remarks to Franks were an appeal for co-operation and not in the form of a demand. Hickerson referred to the state of public opinion in this country and admitted that the move to some extent was determined by public pressure applied to the Administration in consequence of the events connected with the dismissal of General MacArthur. Hickerson recalled however that the State Department had not been happy about the delay which had occurred in the implementation of the resolution setting up the Additional Measures Committee since February 1st, and said that it was now more difficult to justify further delay.

4. The points made by Hickerson in support of the United States position may be summarized as follows:

(a) The adoption by the United Nations of a resolution to impose limited selective economic embargoes would provide those countries which had assumed the major responsibilities for resisting aggression in Korea with a recommendation by the

United Nations which may be used to bring the more "reluctant" countries into line with the policy of denying essential military supplies to the aggressors. (He pointed out that the parties to the Consultative Committee in Paris were actually doing more than was now proposed but these arrangements could not be cited in public).

(b) The tangible effects of a limited economic embargo might:

(i) Increase unrest in Communist China because of resulting unemployment;

(ii) Increase difficulties in industrial production;

(iii) Make the public in China more conscious of the consequences of their government's policy in Korea due to an increased lack of essential consumer supplies such as cotton. (Hickerson particularly referred to Pakistan continuing to supply China with cotton at a time when the pinch was already felt in China as a result of the United States embargo).

(c) The effects of the limited embargo would not, in the judgment of the State Department, seriously interfere with the work of the Good Offices Committee but might on the contrary make the Chinese more disposed to seek a peaceful settlement in Korea. (He noted that the Chinese could not have shown less disposition to negotiate under the policy of inaction on the part of the A.M.C.);

(d) The main purpose of the United States proposals was their psychological effect not only in China, but also upon those countries that had so far not made any substantial contributions to the support of the United Nations in Korea and had continued normal trading with China.

5. As to the time of the meeting, Hickerson said that the State Department fully realize there was little use in calling a meeting of the Additional Measures Committee unless the United States could count on the support of the major Powers for its minimum programme. They have urged that the Committee should meet if possible by April 30th, and Franks has consulted London with regard to the "appeal" made to him by Hickerson.

6. In the course of our weekly meeting with Raynor, substantially the same points were made as reported above. Raynor added that now that the Communist Chinese have opened a full offensive in Korea, it was even more difficult to accept the view that the prospects of negotiating a peaceful settlement could be harmed by further postponement of action by the Additional Measures Committee; it was the State Department view that the United Nations resistance in the field should be supported by such hindrance of the military plans of the Communists as would result from the application of a selective economic embargo.

7. I have refrained so far from being drawn into these discussions, since I have not been approached by Hickerson. I have, however, made it clear to the State Department that we share the anxiety expressed by the United Kingdom and Australia on this subject and believe that we should avoid airing our differences on Far Eastern policy in public at a time when emotion in this country is running high.

103. DEA/50069-A-40

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 411 New York, April 26, 1951

SECRET

Repeat Washington No. 305.

ADDITIONAL MEASURES COMMITTEE

1. Bolte of the United States mission called on the delegation yesterday to outline the State Department thinking on the work of the Additional Measures Committee and to ask our views. He explained the American anxiety to press on with the work of the A.M.C. The Good Offices Committee he indicated could carry on parallel existence, but in the United States view the A.M.C. did not have to wait until the G.O.C. had concluded its activities. The American view was that proceeding with additional measures was the best way to encourage the Chinese to cease their aggression or to negotiate. When I asked if they had any concrete plans for a meeting of the First Committee, he implied that there was nothing definite, but that they did envisage a report from the A.M.C. to the Assembly as soon as possible. I said that I had no specific instructions on this subject, but I thought that we would be very much concerned over the possibility of a repetition in any form of the rancourous debates which took place last January. If pressing on with additional measures would serve only to expose divisions among the democratic countries, then I wondered if it was worth while. I said that I thought an important factor in deciding our position would be whether or not the enforcement of the proposed selective embargo would in fact tighten the controls which were now in existence. In pressing for action, was his government primarily concerned with the moral effect of a United Nations decision, or the concrete harm which would be done to Chinese war production by measures which could be taken? Bolte had no information to offer about the effects of the embargo, and I got the impression that this not unimportant aspect of the matter was one on which the Americans had not been concentrating. He did not say that it was the moral aspect they were interested in, but he did talk about the great effect of overwhelming support for economic sanctions by the members of the United Nations. When we pressed him, however, he admitted that there was very little chance of the Asian countries, except the Philippines and Thailand, agreeing to the proposal and that there was considerable doubt of support by the Middle Eastern States.

2. Bolte did indicate that the Americans were anxious not to have a public display of disunity. It was for that reason, he said, that they were sounding out other delegations in advance. He did not say that if the reaction of friendly delegations was unfavourable, State Department would alter its course.

3. If you consider that it is important to avoid a public display of difference, it would, I think, be a useful time to express such views to the State Department. It would be helpful also if we could find out whether the proposed embargo would in fact increase the pressure on Chinese war production, bearing in mind the fact that countries such as India would probably not join us.

4. A week or so ago the Australians showed me a report of discussions they had had with the Foreign Office in London on this issue, in which someone in the Foreign Office had indicated that the British view of the application of additional measures would change if the Chinese launched a new offensive. If this were the case, then the situation with regard to the American program for the A.M.C. might be considerably altered. We should then presumably not have to worry about a display of disunity among the major participating powers, although presumably differences with India and her Asian associates would still exist.

DEA/50069-A-40

104.

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-931

Ottawa, April 27, 1951

SECRET. IMMEDIATE.

Repeat Permdel No. 308; London No. 721.

ACTION IN ADDITIONAL MEASURES COMMITTEE

1. Reference your WA-1718 of April 25, WA-1728 of April 26†, and C.P.D.U.N. messages 410† and 411 repeated to you as 303 and 305 of April 26.

2. We are most grateful for the action you have taken as outlined in para. 7 of your WA-1718. While we are sympathetic towards the needs of the United States Administration in present circumstances and do not wish to embarrass it in any way in coping with General MacArthur and his followers, the proposals made by Hickerson present several difficulties. They appear to be based on the proposition that cutting off trade with China will in some way create serious difficulties in that country. Our assessment is that China will not be materially affected because it has learned largely to get along without trade with the West and because it can fill some of its more important needs in any case by trade with the Soviet bloc. As Hickerson is aware, the parties to the Consultative Committee in Paris are actually doing more than would be proposed by the measures the United States wishes the Additional Measures Committee to adopt. I think the fact that economic difficulties have not already caused the Central People's Government trouble such as that outlined in paragraph 4 of WA-1718 is in itself a demonstration of the accuracy of our assessment.

3. Furthermore, Hickerson's assessment of the effects of an economic blockade is based on the fundamental miscalculation that we shall be able to sell our point of view to the people of China but that the Chinese Government will not be able to sell theirs. Instead of the Chinese people blaming their Communist government for unemployment and the policy being pursued in Korea, they are far more likely to believe government propaganda which will blame the United States and its allies for any harmful effects which may result.

4. It is hard to see how Hickerson's proposals will lead to any increased economic pressure on China even if one concedes that economic pressure is possible. The United States is going to have considerable difficulty in gathering sufficient support for its policy (see the last sentence of No. 411 from New York to Ottawa). It would seem probable that the states which did not agree with United States policy would, if that policy is adopted by the Additional Measures Committee, refuse to consider themselves bound by it. Therefore, no additional trade is likely to be cut off. In addition the internal argument used by Hickerson does not appear very convincing. He states that the measures which are proposed to be adopted by the Additional Measures Committee are less severe than the measures already being applied by the Consultative Committee in Paris yet he seems to expect that a public declaration of intention to take measures which are not as effective as measures actually in effect will in some way have greater results than the restrictions being applied by the countries party to the Consultative Committee.

5. I should think that the two outstanding effects of the United States proposal would be to create public dissension among the non-Communist states in the United Nations and to widen the misunderstanding which already exists between the United States and India.

6. Paragraph 4 of No. 411 from New York to Ottawa suggests that the position of the United Kingdom may have been changed by the launching of the new Chinese offensive. We should like to have clarification on this point before we make up our minds definitely on what our position will be on the United States proposal.

105. 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 1055 London, April 28, 1951

SECRET. IMMEDIATE.

Your telegram No. 721 of April 27. Action in Additional Measures Committee.

The present position taken by the Foreign Secretary was set out in a telegram of April 26 to Sir Oliver Franks who will, no doubt, have spoken by now to the State Department. We read the text of the message at the China and Korea Department of the Foreign Office this morning, April 28, shortly after receiving your telegram

under reference. The following sub-paragraphs contain the substance of the Foreign Office telegram to Franks:

(a) The Foreign Secretary approved the line taken by Franks with Hickerson (apparently the views stated by Hickerson were similar to those reported to you by Mr. Wrong from Washington);

(b) The United Kingdom seemed to be reaching a stalemate with the United States over future policy concerning Korea. The United Kingdom and other countries wanted an early declaration of aims in order to rally world opinion and to supplement the work of the Good Offices Committee. The Foreign Office had refrained from pressing the State Department during the past week in view of the present political atmosphere in the United States. The State Department were saying that they had delayed the pace of the Additional Measures Committee since February out of deference to other governments' views;

(c) But in the absence of a reaffirmation of aims the Foreign Secretary doubted whether the United Nations would be in a strong position to convince Chinese or world opinion generally of their peaceful intentions and of their steadfast purpose to continue resisting if no settlement could be reached. There was a danger of drift and some set purpose was needed. The Foreign Secretary hoped that he would receive soon Mr. Acheson's comments on the joint draft declaration. (We understand that the Foreign Office have as yet received no official United States comment but that they are expecting Mr. Acheson to send a letter on this subject and possibly on other Far Eastern issues to Mr. Morrison.)

(d) Meanwhile the Foreign Secretary agreed that he could not object to the convening of the Additional Measures Committee on April 30 since the Good Offices Committee was making no progress and the pressures on the United States Government were strong. Nevertheless he is not enthusiastic and would object strongly to the Additional Measures Committee rushing ahead and submitting a report at once to the Political Committee of the General Assembly. He hopes that the Additional Measures Committee will spend some time in occasional meetings and that before the committee becomes ready to consider its report, there will be another opportunity to consult further with Washington along present lines in the light of the prevailing situation. By that time it may have been found that:

(i) A final decision on a declaration of aims has become feasible;

(ii) The nature of the Chinese offensive will have become more clear;

(iii) The present pressure on the United States Government may have lifted.

(e) If, moreover, the Chinese offensive is blunted, Peking may be more chastened and it would, therefore, be highly inopportune for the United Nations to embark at that stage on economic sanctions. Economic sanctions might:

(i) Rule out any chance of negotiations;

(ii) Cause embarrassment;

(iii) Make the Foreign Secretary's own position more difficult;

(iv) Stimulate anti-American feeling in the United Kingdom.

(f) As regards Hickerson's belief that economic sanctions might bring the Peking authorities more to heel, Franks was referred to a recent message from Lamb in

Peking and authorized to make use of it at his discretion. (We also read Lamb's message, the essence of which was that the present position of the Peking Government continued to be strong in spite of any slight loss of prestige with the Chinese people owing to the military situation in Korea. Lamb doubted very much whether Hickerson's arguments were good and the Foreign Office quite obviously shared his views.)

2. Krishna Menon called at the Foreign Office on April 27. He indicated that in the Indian view the present was not a propitious moment to make the proposed declaration of aims although the initiative in this matter lay chiefly with the United Kingdom. He said that the Peking authorities had not been persuaded by the removal of General MacArthur to alter their views on United States policy in the Far East.

106. 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-1806 Washington, May 1, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 214.
Your EX-931 of April 27th, Additional Measures Committee.

1. When seeing Hickerson today on another matter, I mentioned the difficulties which we thought might follow from pressure by the United States for the early imposition of a selective economic embargo. He agreed that the economic effect in China was likely to be slight, although some in the State Department considered that the movement of strategic materials to China would be further restricted. He argued, however, for the imposition of the embargo on other grounds, to which he attached substantial importance.

2. First, he said that it was necessary in order to convince the Chinese Communist that the United Nations was not "weak, irresolute and disunited" in its resistance to aggression in Korea, nor afraid to undertake what was a logical and safe action — safe in that it would involve no risk of extending the Korean war. The present embargoes were secret, and to obtain this result it was necessary to come out into the open. It would show the Communists that the United Nations meant business in Korea. Of course the main method of demonstrating this was to carry on a successful campaign in Korea itself, but a selective embargo imposed by the United Nations nevertheless had, in his view, a subsidiary value. Since the principal suppliers of strategic materials were in fact imposing an embargo, why not let the Chinese know that this was being done and place it under the authority of the United Nations?

3. Hickerson's second main argument was that this was the best way to silence the unfair charges against the British, French and other governments that they were allowing munitions of war to go to China. Attacks of this nature are being made daily in the United States and not only from irresponsible sources. From the point of view of public relations, it was most important to bring into the open the actual and effective co-operation between the governments mainly concerned. It would help the administration in dealing with the opposition centering around MacArthur, and it would help to restore the damaged prestige of the United Nations both in the United States and, he thought, in some other countries as well.

4. Although Hickerson admitted that there might be some public disagreements among the allies, he did not appear to regard this as of much importance. He remarked that when it came to the point of an actual vote in the Political Committee or the Assembly, it would be difficult even for India to oppose the modest selective embargo which the United States was urging. I observed that a reluctant affirmative vote wrung from India by United States pressure might damage relations with the United States worse than a negative vote or an abstention, and he admitted that this was possible.

5. The case as put by Hickerson rests on the intangible effects of an official embargo, and it is therefore not easy to controvert.

107. 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-950 Ottawa, May 1, 1951

SECRET. IMPORTANT.

FOURTEEN-POWER DECLARATION

1. I have been giving further thought to the possibility of reviving action on the Fourteen-Power Declaration on Korea originally proposed by the United Kingdom. I realize that the height of the Communist offensive is no time to make a declaration, but as you have commented, it will take a considerable time before agreement can be reached between fourteen governments on a move of this sort so it seems to me that it is not too early to start trying now to achieve an agreed text for a declaration which could be ready by the time the Communist offensive has been repelled and before the United States is riding the high tide of a counter-offensive.

2. I feel that an agreed declaration should not constitute a retreat from the Five Principles of January 13, although I recognize that conditions in the United States may make it necessary to have arrangements for a settlement in Korea almost complete before other Far Eastern questions can be discussed.

3. Would you therefore please discuss the matter with Sir Oliver Franks to see where the matter stands between him and the State Department and, if you consider it advisable, tell the State Department that we think it is now time to start the process of trying to get agreement on a text of a joint declaration, especially as the domestic controversy over the Far East is not quite as excitable as it was 10 days ago.

108. 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 421 New York, May 1, 1951

SECRET. IMPORTANT.

Repeat Washington No. 309.

ADDITIONAL MEASURES COMMITTEE

1. There seems to be general agreement among the British, French, Belgians, and Australians with whom I have discussed the policy to be adopted in the Additional Measures Committee that we should endeavour to put off decisions and avoid a public display of disunity for the time being at least. The United States would undoubtedly have the support of Venezuela, the Philippines, Turkey, and probably Brazil. The Mexican representative has adopted a neutral position, and it is quite possible that Padilla Nervo, because of his position on the G.O.C. would not support the United States move. Egypt will do whatever seems opportune to Fawzi but is hardly likely to support an embargo. There may be shifts in these positions, but there is very little chance of the United States securing a majority for an unequivocal recommendation to the First Committee. Divergence of opinion is certain. One can also be sure that any differences which are expressed in the Committee will be made known in the press.

2. Under these circumstances it seems desirable to put off as long as possible not merely a decision by the Additional Measures Committee, but discussion in the Committee. As the United States is expected to put forward a new proposal at Thursday's meeting, we should be able to adjourn the meeting in order to consider this proposal. If this tactic seems achievable, I think we ought not to make a statement unless it is to support a deferment of consideration.

3. The other delegations principally concerned have not yet had instructions or made up their minds definitely about the tactics for Thursday. The Australians had been told ten days ago that if there was a meeting of the A.M.C., they should indicate that although they did not necessarily disagree with the substance of the United States proposal, they did disagree with the timing. They were instructed on these grounds to vote against the American proposal if it came to a decision. Yesterday,

however, they received a further telegram indicating that their new minister is being consulted, and that new, although not necessarily different, instructions will be sent. Nisot of the Belgian delegation strongly shares the view that it would be better to adjourn the meeting on Thursday as soon as possible without any statements on the substance, and he has no intention of speaking himself. The British and French are completely agreed on the necessity of preventing a report going from the A.M.C. to the Assembly, but they are not yet agreed on the method. While the British think it would be best for the A.M.C. to take the United States proposals under consideration and endeavour to postpone any decision, the French would prefer to refer the proposals to the sub-committee previously established on the grounds that there are a good many legal and technical problems arising out of the proposals which must be considered. I am inclined to think that the French suggestion might have more chance of success. The Americans are not likely to be attracted by the idea of another sub-committee stage, but this would at least give some impression of movement. In view of what the Americans have been saying to us, I doubt if they would allow us to go on considering their proposals indefinitely without holding a further meeting of the A.M.C. The French and British will be meeting with the Americans before Thursday's meeting and will try to reach some agreement.

4. Yesterday I had a long talk with Lacoste and Tine of the French delegation on this whole question, from which it became quite evident that their views and ours are very close together. They think the United States has nothing to gain from provoking differences in the A.M.C., and they are convinced after serious, and I gather somewhat technical, discussions in Washington that the proposed selective embargo would have no effect at all on the Chinese war effort. The French delegation is aware of the fact that there are difficulties in the way of making public what the North Atlantic countries are doing in the way of restricting war materials, but they have asked their government to reconsider the question in view of the decided advantages at the present time of being in a position to assure the American public that France and its associates are not supplying China with unlimited quantities of products to support their war effort. Lacoste told me that both he and Bonnet in Washington had pleaded with the Americans not to press ahead and had warned them that they would not get a majority in the Assembly. The response of the United States mission to this warning was to point out that the French and British had said the same thing in January but when it came to the test, the United States had got the majority it wanted.

109. 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 320 Ottawa, May 3, 1951

SECRET. MOST IMMEDIATE.

Repeat Washington EX-961; London No. 756 (Important).
Your telegram 421 of May 1. Additional Measures Committee.

1. We agree with the position you have taken in paragraph 2 that rather than opposing the United States proposal at this stage we should resort to deferment in the hope that the pressure on the United States Government for some public action of the nature proposed may be relieved by other means.

2. It seems to us, for example, that the United States position might be made easier if the Governments which are already imposing restrictions on trade with China could be brought to reveal the existence of these restrictions. The governments need not relate the steps they have taken to the existence of the Consultative Committee in Paris if revelation of such relationship appears unwise. One method by which the secrecy of the relationship could be maintained would be to have the Additional Measures Committee ask all the members of the United Nations what steps they are now taking to restrict the flow of war materials to China. The countries members of the Consultative Committee would then be free to state what steps they are taking without mentioning the existence of the Consultative Committee. Otherwise it would be difficult to avoid the appearance of concerted action if the countries which are members of the Consultative Committee suddenly and voluntarily announced the existence of almost identical restrictions. (Sweden and Switzerland are not members but are merely associated with it.)

3. Please try to consult before the meeting this afternoon with other friendly delegations on this suggestion. It might be that one of the members of the Sub-Committee of the Additional Measures Committee such as France, the United Kingdom or Australia might wish to put it forward formally. It seems to me that the chief merit of our suggestion is that a strong argument could be made that, before the Additional Measures Committee considers recommending additional measures against China, it should first find out what measures are now being taken in the field of selective economic embargoes by the member states of the United Nations.

4. My immediately following telegram† gives information about the Paris Consultative Group on export controls.

DEA/50069-A-40

110.

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 431

New York, May 4, 1951

SECRET

Repeat Washington No. 315.

ADDITIONAL MEASURES COMMITTEE

1. A following telegram will contain a report of yesterday's meeting of the Additional Measures Committee.

2. I have discussed the suggestion of a general enquiry of all members about the economic measures which they are taking against China with the United Kingdom, the United States, the French, and Australian delegations. It was clear before the meeting that although the British, French, and Australians listened with interest to the suggestion, none of them wished to put it forward yesterday without consulting their governments. The British and French indicated that they would not want to propose such an enquiry until they were certain that their governments would not be embarrassed by it. LaCoste, who was anxious to refer the United States proposal to the sub-committee for study, thought that our proposal might be considered at the sub-committee stage. Neither the British nor the French, however, were particularly receptive to the suggestion, primarily, I think, because they have accepted a defeatist attitude. Coulson told me before the meeting that he saw no hope at all of stalling the Americans by any device and said they had concluded that there was nothing to be done but to meet the Americans frontally in the committee with a statement of their objections. LaCoste is convinced that nothing will deter the Americans and that we are certain to be faced with their proposal in the Assembly within a fortnight.

3. The Americans did not reject our proposal out of hand and said they would look into it. They are, however, determined to press forward with their resolution at the earliest possible moment and indicated that they were not likely to accept any action which would involve delay. Ross expressed doubts as to the value of the results of such a survey on the grounds that the authorities in Washington knew what every country was doing and was already in a position to assess the results. He did, however, to some extent accept the argument that it was one thing for the United States and a few of her close allies to have this confidential information on record, and another thing for certain basic information to be in the hands of all members of the United Nations so that they might consider the question of economic measures in the proper perspective. I doubt, however, if there is any hope of deterring the Americans from pressing forward with their programme, unless they are given firm reason to believe that they cannot get a majority in the A.M.C.

When I talked to Gross after the meeting, I found him pretty confident of the results. He said candidly that the British were the key country. He thought that they would eventually give in and then the opposition from Western European and Commonwealth countries would collapse. He may have some reasons for this expectation. Although the United Kingdom delegation is still expressing categorical objections, Jebb is in an uneasy position, because he is by no means certain that Morrison will not change his instructions at a later stage. It was for this reason that his statement in the committee yesterday was very cautiously worded and gave the impression of more agreement with the Americans than the substance of his statement warranted.

4. When I talked to Gross he emphasized that what the Americans were now asking was the very least they could urge in view of the strong pressures for much more vigorous action. He said that he would have liked to make this fact clear in his statement, but did not wish to do so lest it be considered a veiled threat. He did, however, indicate to me that if we did not accept this proposal, undoubtedly we would be faced sooner or later with much less acceptable recommendations from the Americans.

111. DEA/50069-A-40

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 432 New York, May 4, 1951

CONFIDENTIAL. IMMEDIATE.

Repeat Washington No. 318.

ADDITIONAL MEASURES COMMITTEE

1. In this message I am giving a factual report on the closed meeting of the AMC held at 3 p.m. yesterday, 3 May. In a separate message† I am reporting on several private conversations I had before and after the meeting.

2. LaCoste, who is chairman of the sub-committee, submitted their report which merely contained a recommendation that the AMC give priority to the study of economic measures. Gross, who spoke first, said that the United States delegation had come to the conclusion that economic measures were those most likely to command widespread support within the United Nations and for this reason the United States supported the sub-committee's recommendation. He then described what the United States had done in banning exports to Communist China and in freezing assets of the Communist Chinese in the United States. He then referred to the fact that certain other governments such as the Philippines, Australia and the United Kingdom also imposed a strategic embargo (to a greater or lesser extent) against Communist China. He said that the United States considered that the objective of a

full economic embargo should be kept in mind by the United Nations but that the effectiveness of an embargo depended on its securing widespread support; the United States believed that it would be more effective if "most of us" were to agree to a strategic embargo "rather than having a smaller number of us agree to a complete embargo". Gross then outlined the ingredients of a recommendation which, in the opinion of the United States delegation, the AMC should make back to the General Assembly for a selective economic embargo. He said, "we have in mind a formula which would call for the embargo of shipments to Communist China of arms, ammunition and implements of war; petroleum; atomic energy materials; and items useful in the production of arms, ammunition and implements of war". Each state should determine for itself what specific commodities it would embargo under this formula, and what controls it would apply to make the embargo effective. The resolution of the AMC should call on every state not to "nullify", through transshipment or re-export, the effectiveness of the embargoes imposed by complying states. Finally, such a resolution of the AMC should call for the establishment of machinery for keeping this programme of selective embargoes under continuous review and for determining the effectiveness of the economic measures being taken. This would require the establishment of a committee — possibly the AMC itself — to which all states would report regarding the measures they had taken, and which would make recommendations back to the Assembly.

3. Gross stressed that, in his government's view, it was now time to "record the actions some United Nations members have already taken and to widen, through cooperation, the scope of such measures". He said that, in essence, the United States programme amounted to "recording the determination that no United Nations soldier fighting in Korea should be the target of a bullet manufactured in the free world". He also stressed again the United States view that the imposition of economic measures on the recommendation of the AMC would not hamper the work of the Good Offices Committee but might assist the GOC by bringing pressure on Peking to negotiate a peaceful settlement. He said, as other United States spokesmen had frequently said before, that the work of the AMC and the GOC were complementary, not contradictory.

4. Gross's statement was somewhat more moderate than might have been expected. He did everything possible to minimize differences and went out of his way to emphasize the action being taken by other countries to restrict exports to China.

5. Jebb then made a generally cautious and moderate statement, in which he started off by concurring with the recommendation of the sub-committee to give priority to the consideration of economic measures, and also by agreeing generally with the five headings suggested by Gross, *if* the AMC decided that now was the proper time to proceed with a recommendation for economic measures. He said the United Kingdom already had in existence a system of control of strategic exports to Communist China which more than amounted to compliance with the programme suggested by Gross. However, Jebb said that the actual effect of such a recommendation by the AMC, and by the General Assembly, might be very slight, as it was not likely to diminish materially trade with China, in view of the fact that the major states were already adopting such a system of selective embargoes. The psycholog-

ical effect on Peking of such a resolution was at least "arguable" and, instead of inducing them to negotiate, as Gross had suggested, such a resolution might increase their recalcitrance. The AMC should carefully study this aspect of the question. Jebb also said that, if such a resolution were to be effective, it must command a wide majority in the General Assembly, and that, if divisions over this resolution were revealed in the AMC, these divisions would be considerably multiplied in the public debates in the Assembly. The United Kingdom was most anxious to avoid a further acrimonious debate on this matter in the Assembly. In conclusion, the United Kingdom believed that the programme outlined by Gross should be carefully considered by the AMC in the light of all these factors and that considerable time might be required to arrive at a judgment as to whether the United States proposals should be proceeded with at the present time.

6. LaCoste spoke in a generally similar manner to Jebb. He said that the French Government already had a system of strategic embargoes against Communist China which went further than the programme suggested by Gross. Nevertheless, France wanted to consider very carefully the implications of the United States proposal which involved a number of highly "technical" aspects.

7. Shann of Australia spoke much more strongly than either Jebb or LaCoste regarding the undesirability of a public debate in the Assembly and on the question of timing. Australia did not share Gross's views regarding the psychological effects of his proposal on the Peking Government, and they were not convinced that a public discussion of this matter in the Assembly "was in the best interests of the United Nations". He thought that, in view of recent developments, it would be well to postpone a resolution of this nature until the prospects for a peaceful negotiation were more clear. He said Australia was already doing more than the United States programme called for in the way of embargoes, but that they disagreed with the United States delegation regarding the timing of this proposal. Nor was Australia convinced that the adoption of this resolution would have much effect on China, as the embargoes it called for were already being applied by nearly all the major countries. Therefore, what the AMC must consider was whether the "dubious effects" of such a resolution on restricting trade with China were sufficient to offset the dangers of an acrimonious public debate which would inevitably reveal sharp disunity between the major democracies.

8. The representatives of Brazil, Turkey, Venezuela and the Philippines all spoke in support of the United States proposals; and Sarper of Turkey described the proposal as the "bare minimum" which the AMC could respectably adopt.

9. Nisot of Belgium, without committing himself either way to the substance of the United States proposal, urged the necessity of considering its implications very carefully. As it appeared as if all other members of the committee would be expressing views and putting themselves on the record as restricting exports to China, I spoke very briefly in the same sense as Nisot. I said that we were already applying controls over strategic materials to China. As for the United States proposal, I thought there should be due opportunity to consider all its implications. I added that we also wished to consider the "tactical" arguments which had been advanced by Jebb and Shann.

10. Some discussion then took place concerning the question of referring the United States proposal to the existing sub-committee for further study. Gross pointed out that his delegation had not yet submitted a resolution and that, while he expected to do this sometime next week, there was nothing so far which the sub-committee could consider. Moreover he disagreed with LaCoste, who had made the suggestion of reference to the sub-committee, on the grounds that the United States resolution was not really of a technical nature and that it could be perfectly well examined in the full committee. Sarper of Turkey also supported this view. LaCoste did not press for reference of this matter to the sub-committee at the present stage, but made clear that he had merely postponed his proposal until the United States submitted a formal resolution. He then repeated his arguments that, in view of the technical considerations involved, this matter should first of all be considered in a smaller body than the AMC.

11. When the United States formally table their resolution, probably at the next meeting of the AMC, a sharp debate will probably take place on whether or not it should be referred to the sub-committee. The United States will undoubtedly resist this course. I would appreciate your instructions as to what position I should take on this point.

12. Before the meeting adjourned the committee formally approved the sub-committee's recommendations that priority be given to considering economic measures. There were no negative votes, but Egypt and Mexico did not participate in the voting. The Mexican representative explained that he had no instructions on this point (Padilla Nervo was not present), while Fawzi Bey of Egypt said he was not "participating" because he would have wished more time to consider this point.

13. In answer to a question from the chairman, Fawzi declined to give any real information regarding progress by the twelve Asian-Arab countries in their efforts to find a basis for negotiation with Peking. He confined himself to saying that they were maintaining contact with Peking through the Indian Ambassador there. He did, however, say that he would speak to Rau and report at the next meeting of the AMC on the latest information received from Panikkar.

14. The next meeting of the AMC will take place on Monday, 7 May, at 3 p.m. At that time it is probable that the United States will formally submit their proposals as a resolution, but Gross would not give any definite assurance that his delegation would be ready to submit a resolution by that date.

112. 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-1884 Washington, May 4, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 219.

UNITED STATES POLICY IN KOREA

1. Hickerson told me today that Mr. Acheson sent a personal message to Mr. Morrison on April 30th restating the views of the United States Government on the Korean situation.[30] He said that he and Merchant prepared a draft last week at Acheson's request. Acheson had re-written it in his own language over the week-end, adding an appeal for a moratorium on the issue of Chinese representation in the United Nations. The message is therefore a fresh and important statement of policy written in the light of the turmoil caused by MacArthur's removal from command.

2. Yesterday evening Ignatieff was shown the text of this message at the British Embassy under a promise that we would not reveal to the State Department that we had seen it. Ignatieff was able to make notes, and he has given me the following full summary:

Summary begins:

(I) *General Approach*

The message starts by saying that the United States and United Kingdom are on common ground in their approach to Far Eastern problems, in desiring peace and security in the Pacific and the earliest conclusion of the Korean conflict. The problem is how to achieve these agreed aims in Korea.

(II) *Ending the War in Korea*

Mr. Acheson said that "short of a change in the aggressive Communist purposes, I do not see how hostilities can cease". After pointing out that there had been no indication of any change of purpose by Communist China, he went on to say that there was no alternative but to continue the fight and that "our economic and political measures and attitudes must back up our military ones". The objective should be to demonstrate to Communist China that a cessation of hostilities would be in their interest. It was also essential to make plain in every "sensible way" that allied military objectives in Korea are limited and that we agree that fighting should cease "when aggression stops".

(III) *Air Counter-attack*

[30] Voir/See United States, Department of State, *FRUS*, 1951, Volume VII, Washington: Government Printing Office, 1983, p. 390-394.

On this point Mr. Acheson's message recited the line which has been given to us by Hickerson and Merchant, but had this significant clarification of what Mr. Acheson means when he says that "the decision must be made in Washington". His message says that the particular circumstances of an aerial attack cannot be anticipated. "For these reasons we believe that this government, as unified command, must retain latitude to determine whether an attack requires counter-action in order to preserve the safety of the forces. This requires confidence on the part of our allies that the decision will be soberly and wisely made". In explaining this position, Mr. Acheson said "the authority to take counter-action to preserve the command is inherent in, and essential to, the very concept of a command".

(IV) *Selective Economic Embargoes*

On this point Mr. Acheson's message covered familiar ground. He recalled that the proposal now to impose selective economic embargoes against China arose from the decision taken last January by the United Nations. It had then been agreed by the United States that action by the additional Measures Committee would be deferred so long as the Good Offices Committee was able to report satisfactory progress. Almost three months have passed and the Good Offices Committee "cannot even report progress". It had been argued, the message said, that the imposition of economic sanctions might further alienate the Chinese Communists and make it more difficult to re-align China with the free world. Mr. Acheson's answer to this was that only the ending of the aggression in Korea would make it possible to bring China into re-alignment with the free world, that the addition of economic embargoes was calculated to encourage China to decide to end the aggression, and that failure to take this decision would only encourage continued aggression. Mr. Acheson also recalled that the United States had ended all commercial and financial arrangements with China. Instead of pressing other nations to go as far as this, the United States was only asking them to proclaim publicly what was already in effect being done secretly.

(V) *Admission of Communist Chinese Representatives to the United Nations*

After recalling differences between the two governments on this question in the past, Mr. Acheson had this to say — "whatever may have been the merits of the debate, can we not now agree to a moratorium upon it?". In support of this position, Mr. Acheson argued that, at a time when the Chinese Communist forces were fighting United Nations forces, the discussion of the admission of representatives of Communist China to the United Nations only tended to divide the allies and to encourage the aggressors. He also said that the public in the United States just could not understand how anybody should consider "admitting the enemy to the organization which they are fighting".

(VI) *Public Declaration*

Mr. Acheson recalled that the two governments had given "careful thought to the possibility suggested last month of having a new declaration of aims which would re-emphasize our desire for a peaceful settlement upon the conclusion of aggression". He would be glad to have further talks with officers of the British Embassy on this question but noted that the State Department had already

expressed serious objections to certain "elements of the United Kingdom draft". As to the timing of the declaration, Mr. Acheson expressed the view that at the present moment (i.e. at the beginning of this week) it was not opportune when the military issue was still being fought out in Korea. While the results of the Communist offensive were still undecided, any statement looking towards a peaceful settlement was sure to be rejected by the Chinese "which would be deemed as a try for peace by nations sorely pressed". Summary ends.

3. I am sending separate messages commenting further on the State Department's attitude towards the British suggestion for a draft declaration and on the conditions in which air action beyond the Yalu River might be undertaken.

113. 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-1885 Washington, May 4, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 220.
My immediately preceding message and your EX-950 of May 1st, proposed joint declaration on Korea.

1. The following views were put to Tomlinson of the British Embassy yesterday by Hickerson and other officers of the State Department. The references are to the United Kingdom draft, which was submitted to the State Department on April 10th. Begins:

(a) The United States could never accept a proposal that a conference be called while fighting is in progress. A cease-fire must precede any conference. In any case, the United States Government could not see that a conference was necessary to bring about a cease-fire. All that was required to bring about a cessation of fighting in Korea was a will to do so on both sides. If this will existed, arrangements could be made through the commanders in the field.

(b) The composition of the conference as proposed by the United Kingdom in the text of their draft declaration was unacceptable. Apart from the People's Republic of China, the United Kingdom list included three countries which had recognized Peking. Moreover, France, so Hickerson said, tended to waver on this issue in response to developments in Indo-China. In any conference the United States would insist that the proportion of recognizing to non-recognizing countries should conform more closely to the proportion of recognizing to non-recognizing members in the United Nations.

(c) By placing the emphasis on a conference of select powers, the United Kingdom had not given recognition to the responsibilities of the United Nations some of which had been delegated to its commission in Korea and to the United Nations

Relief and Rehabilitation Agency. Moreover, the existence of the Republic of Korea had been ignored.

(d) The United States saw difficulties in having a declaration issued by the group of fourteen nations, since they could not speak upon behalf of the United Nations as a whole and this might result in other select groups, such as the Asian-Arab group issuing a contradictory statement of aims. If a further declaration of aims is made, the State Department prefer that it should take the form of a report made by the President, representing the Unified Command, addressed to the Secretary General of the United Nations, who would be asked to circulate this report to all members. Ends.

2. Hickerson made most of these points to me today after I had shown him your EX-950. With regard to point (d) above, he remarked that there had already been grumblings from Asian countries about the limitation of the State Department meetings on the Korean situation to representatives of the countries with forces in Korea, and he thought it likely that there would be an outburst from the Asian-Arab group and possibly the Latin American group if the governments of these countries took it on themselves to issue a declaration of aims.

3. He went on to say, however, that they intended to go ahead with the preparation of a report to the United Nations by the President on behalf of the Unified Command along the general lines discussed some time ago. He agreed that it was desirable to have something ready in case the military situation seemed to offer an opportunity for arranging a cease-fire. You will see from my report of today's State Department meeting that the Far East Command thinks it probable that the Chinese offensive will go through two more phases, possibly with increasing violence, before it can be regarded as ended.

4. I have not been able to talk this over with Sir Oliver Franks as he has been away from Washington all week.

114. 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-1894 Washington, May 5, 1951

SECRET. IMMEDIATE.

Repeat Permdel No. 225 (Information).

KOREAN ISSUES — ADDITIONAL MEASURES COMMITTEE

Following for Pearson from Wrong, Begins: I apologize for adding to the stream of messages I sent yesterday. You should know, however, that Hickerson telephoned me last night after giving consideration to our suggestion for an inquiry by the Additional Measures Committee addressed to all members of the United Nations

about the restrictions currently imposed on trade with China. While admitting that there were some attractions in this idea at least as an intermediate step towards an embargo, he said that he was afraid that it would cause considerable delay in the consideration of the United States proposal which they intend to introduce on Monday, and that from the domestic point of view it was very important to get action as soon as possible. He referred to General MacArthur's reference here yesterday to an embargo on strategic materials, in which he declared that this should have been done long ago. He asked me to pass to you a personal appeal for your help towards getting prompt action by the United Nations.

2. Elmer Davis, who is talking sound sense about the issues raised by MacArthur, in last night's broadcast mentioned the proposed action by the A.M.C. and said: "Every delay of a day at Lake Success is likely to make about a million more votes for MacArthur's policy". I think that failure by the A.M.C. to take action soon will further discredit the United Nations in the minds of the American public and encourage the isolationist trends which MacArthur has so greatly stimulated in spite of his support of a dangerous military policy in the Far East. It will make still more difficult the approval by Congress of the foreign assistance program, which is going to have a rough time in any event.

3. There are, of course, many other considerations to be weighed in connection with the embargo besides these compelling reasons of American domestic politics. I think you should know that, in the really frightening atmosphere in Washington at this time, I attach very serious importance to the probable consequences of failure by the United Nations to take action promptly, even at the cost of renewed public differences with India and other countries. I share the view mentioned by Wilgress and Holmes of their telegrams of yesterday that the United Kingdom will come round to accepting the American proposal; if so, the more gracefully and promptly they do it the better. Ends.

115. DEA/50069-A-40

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 435 New York, May 5, 1951

SECRET. IMPORTANT.

Repeat Washington No. 322.

ADDITIONAL MEASURES COMMITTEE

1. It seems to us that the only means of persuading the State Department to modify in any way their present attitude is by convincing them that they will not get a majority in the Additional Measures Committee for their recommendation. At present there is, I think, a majority of members of the committee who think the United

States proposal is unwise at this time and who would join in supporting a reasonable proposal for moderating or postponing proposed action. Any such purpose would be supported, I think, by the United Kingdom, France, Australia, Belgium, and possibly Mexico. (Bebler has recommended to Belgrade that he take his seat in the AMC, but his presence during this discussion is, to say the least, doubtful.) Voting would almost certainly be close, and our position therefore is of considerable importance. The members listed above, however, could not be counted upon to oppose the American proposal in substance. The Americans recognize this fact and are therefore not overly impressed by the argument that there would be a public display of disunity. The tactical objections which we have had to their proposal are not very good material for opposition in the Assembly, and as Mr. Wrong pointed out in his telegram WA-1861 of May 3†, the arguments against the substance of the United States proposal are not particularly effective. Differences with Asian and Arab states the Americans accept as inevitable, but they point out that they would be supported by the Philippines, Thailand, and probably, as in January, by some Arab states. (Gross described the Asian-Arabs to me yesterday as a synthetic group.)

2. As for the public display of disunity, this in a sense has already begun. The American public now know that the United States has formally proposed "economic sanctions" and they understand that these are being opposed by the British and French. The effect therefore of a rejection of the United States programme in the Additional Measures Committee would do as much harm to relations among the principal allies as would a subsequent debate in the assembly, although the damage in the latter could be more widespread. If we are going to support the United States recommendations in the end, there is a good deal to be said for agreeing now before feelings in this country have become further exacerbated.

3. One argument against the United States action which we might bear in mind is that by provoking another session of the Assembly, the Americans may be stirring up trouble for themselves. It is by no means impossible that the Asian-Arabs will take the opportunity to introduce a resolution of their own and thereby force the Americans into stating their present position on the January principles.

116. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Representative to United Nations

TELEGRAM 338 Ottawa, May 5, 1951

SECRET. IMMEDIATE.

Repeat Washington EX-990; London No. 767.
Your telegrams Nos. 431 and 432 of May 4. Additional Measures Committee.

1. If the United States are determined to go ahead with their proposals for a U.N. selective economic embargo against China (and it seems from all accounts that they are quite firm in this), we are not (repeat not) prepared to oppose a resolution to that effect when put forward by the U.S. Delegation. Nevertheless, we remain unconvinced that this action is at all likely to contribute in any way to the solution of the Korean problem and we would have preferred to have action upon further measures deferred.

2. We had thought that the suggestion which we asked you to canvass informally, namely, that national representatives agree to make public through the A.M.C. the economic measures which they were now enforcing for denial to China of strategic materials, might have accomplished, at least as well, the immediate purposes which the U.S. Government have in mind. But we are not prepared to have you put this proposal forward to the Committee as an alternative to a U.S. resolution for a selective economic embargo.

3. If the U.S. resolution is put on Monday you should therefore vote in favour of it without however making any statement in support. If it is necessary to make any explanation you should confine yourself to indicating that, since the Canadian Government is already imposing controls upon shipments to Communist China at least as extensive as those called for by the resolution, it is prepared to support general action by the United Nations along the same lines.

4. The fact is that, while we are convinced that the action proposed by the United States will prove quite ineffectual, the issue between us is not sufficiently important for us to press further our difference with them. Indeed, it is not so much the measures now proposed by the United States that cause us concern but rather the danger that, when the results of this particular action prove illusory, we and other members of the United Nations will be urged to support progressively more severe sanctions which simply will not be enforced and may do more harm than good. For this reason we are asking Wrong to inform the State Department that your support of the present resolution must not be taken as an indication that the Canadian Government would be willing to go along with any more drastic measures at a later stage which we do not consider to be wise and for which we are convinced they will fail to secure general effective support. Ends.

117. DEA/50069-A-40

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 448 New York, May 8, 1951

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 329.

ADDITIONAL MEASURES COMMITTEE

1. At the meeting of the A.M.C. on 7th May, Gross submitted a draft resolution, the text of which is contained in my preceding teletype No. 447†. You will note that the operative part of this draft resolution is substantially the same as that contained in my teletype No. 438,[31] but that a paragraph has been added to the preamble. In introducing his draft resolution, Gross laid considerable emphasis on this paragraph of the preamble as pointing up that the economic measures suggested would be supplementary to the military sanctions already taken against the aggressors in Korea. He repeated the argument he had previously made, namely that the present proposal for economic measures was different from similar proposals for sanctions made in the League of Nations in that, in the present case, military measures were already being taken, and the economic measures suggested were intended not as an end in themselves but as a supplement to the military action.

2. Gross also stressed the paragraph in the operative portion of the resolution which would leave to the discretion of the individual states concerned the determination of which commodities, under the general formula, they considered should be embargoed. He said the United States thought it would be "deplorable" if the Assembly became "mired down" in a technical discussion of which specific commodities should be embargoed. In any case the resolution provided for reports back to the A.M.C. from each state regarding the items they had embargoed, and the United States considered that, in the light of these reports, general uniformity would be achieved regarding the specific items which should be banned.

3. Jebb then made a statement saying that he would be glad to transmit this resolution to his government. He said that, while he could not give any definite commitment at present, he nevertheless thought it was "quite possible" that his government would agree that the time had now come for the A.M.C. to submit such a proposal to the Assembly with the recommendation that the latter adopt it. However, Jebb indicated that his government would prefer a specific list of items which should be banned, rather than the more general formula used in the United States draft. He did not, however, make any concrete suggestion in this connection in the committee.

4. Gross replied that the United States preferred the idea of a general formula, because of the difficulty of arriving at an agreed specific list, and he thought that, as the reports from individual states came in, experience would show that there was no very great difference of opinion as to which items should be banned. In answer to a question from Nisot of Belgium, Gross indicated that the United States considered that the discretionary authority of states to determine which items should be embargoed would continue, even if a difference of opinion did develop, and that the United States did not consider that there would be any need for a further resolution of the Assembly which would spell out the formula in greater detail.

5. Both Lopez of the Philippines and Jebb indicated that, in any case, they would like to have some verbal amendment of the first operative paragraph 'b' (regarding

[31] Non retrouvé./Not located.

the discretion of states to determine commodities) in a way which would make more precise the intention of the paragraph.

6. Both the Turkish and Philippine representatives said they would support the United States proposal, but no other representatives made any definite commitment at this meeting. A confusing procedural discussion then took place as to the question of referring this proposal to the existing sub-committee. LaCoste of France again urged that the proposal should be examined by the sub-committee in view of its technical features. Both the chairman (Sarper of Turkey) and Gross expressed objections to referring the proposal formally to the sub-committee, on the grounds that it would lead to unnecessary delay. However, it was finally decided that the next meeting of the full committee would take place on Monday, 14th May, and that, meanwhile, the chairman of the sub-committee (LaCoste) could call informal meetings of that body, in order to obtain further clarification of any points in the United States resolution. It was also agreed that any other members of the full committee who wished to do so could attend these informal meetings of the sub-committee.

7. It seems probable that a vote will be taken on the United States resolution at the next meeting on 14th May. Meanwhile, if you wish me to advance any amendments to the resolution, I should appreciate receiving them as early as possible, in order that I can discuss them at the informal meetings of the sub-committee referred to above.

118. DEA/50069-A-40

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1171 London, May 11, 1951

TOP SECRET

At the Far East Department of the Foreign Office today we were shown, on an informal and confidential basis, a copy of Mr. Morrison's reply to Mr. Acheson's earlier personal message of April 30th re-stating the views of the United States Government on the Korean situation, referred to in Washington teletype WA-1884 of May 4th. This reply was sent yesterday through the British Embassy in Washington. You may be receiving a summary based upon the reply through the Commonwealth Relations Office, but since we were able to take notes the main points are summarized below for your own information:

(1) *General Approach, and* (2) *Ending the War in Korea*

The message starts by referring to the large area of common ground underlying Anglo-American policy in the Pacific, and expresses agreement with Mr. Acheson's statement that short of a change in the aggressive Communist purposes it is difficult to see how hostilities can cease. Communist aggression in Korea must be

opposed with United Nations force. It goes on to say, however, that a final political settlement cannot be achieved by military force but only by negotiation.

(3) *Air Counter-attack*

Mr. Morrison's message states that in the event of heavy air attacks he agrees that there would be no alternative but to meet the threat by the most effective military means at our disposal, i.e., by bombing bases in China from which the original attacks are launched. This involves risks which must be foreseen. The United Kingdom Government have decided that in the event of heavy, repeat heavy, air attacks on United Nations forces from bases in Chinese territory, the United Kingdom Government will associate themselves with the policy of retaliatory action against those bases in order to prevent future attacks and reduce the loss to United Nations forces. The message emphasizes, however, that this was a decision in principle, and that it had to be borne in mind that the consequences were grave and might even involve general war. In view of the gravity of these consequences the decision to authorize such retaliatory air action should be subject to concurrence "by us" at the time. Mr. Morrison points out that it is not really a question of "confidence" but of the responsibility of the United Kingdom Government on policy matters from which they could not divest themselves. The suggestion is put forward that just as on the United Kingdom side a decision of the Prime Minister would be required to confirm the authorization for retaliatory action, it is assumed that on the United States side a presidential decision would also be required.

In recognition of the fact that such a decision might have to take place at short notice, the message requests that full factual information should be made available on the scale and nature of the Communist air attacks on United Nations forces, and suggests that possibly the British Joint Services Mission in Washington might be an appropriate channel for this purpose. Further, the request is made that full details should be made available as to the evidence bearing on such attacks, particularly in view of the fact that United Kingdom estimates of Chinese air strength are generally lower than current United States estimates.

It is also emphasized that other Commonwealth Governments, naming Canada, Australia, New Zealand and South Africa, which are contributing forces in Korea have a definite interest in this problem and that adequate consultation with them on this point would be necessary.

In stating these views, it is emphasized that they pertain to the possibility of air attack from bases in China, and that the foregoing decision did not, repeat not, apply to the case of possible attack originating from Soviet bases, which would have to be separately considered.

(4) *Selective Economic Embargoes*

On this point Mr. Morrison's message begins by stating that the United Kingdom is opposed to political sanctions, that such measures would not influence Chinese behaviour with regard to Korea, and might only operate to give the Russians a propaganda point. So far as economic sanctions are concerned, the message points out that with the exception of rubber no goods of direct military value from British sources had gone to China over a considerable period, and covers ground similar to

that covered in two recent statements in the House of Commons by Sir Hartley Shawcross which we are reporting separately. A special point is made of the position of Hong Kong. It is pointed out that Hong Kong in Chinese Communist hands would be a menace to the South Pacific area and that if normal trade in consumer goods were cut off the population of Hong Kong would become a likely target for Communist infiltration. Steps would be taken to ensure that no exports to China which would contribute to the Chinese war effort went from Hong Kong. But to cut off all commercial contacts would make no difference to the fighting in Korea and would mean the ultimate loss of an important centre of free speech and western ideas in the whole area. The phrase is used: "I am sure you would not wish to give Hong Kong to the Chinese".

It is also pointed out that the United Kingdom is opposed to general as distinct from selective economic sanctions against China, and the argument made that such measures would not obtain general support among the Europeans and Asians. While agreeing to the principle of a selective embargo, the Good Offices Committee should be given the opportunity of continuing its efforts to establish contact with Peking. The United Kingdom Government has decided that they would not press for any delay in the presentation of a resolution dealing with a selective economic embargo from the Additional Measures Committee to the Assembly.

(5) *Admission of Communist Chinese Representatives to the United Nations*

On this point the message re-states the United Kingdom position that Communist China is a political fact, which must be "recognized", and states that in the opinion of the United Kingdom Government the legal arguments are conclusive. It adds that the United Kingdom Government could in no way act to imply support for the fiction that Chiang Kai-Shek's representative in the United Nations could speak for China. You will recall that Mr. Acheson had suggested that a "moratorium" should be placed on the question, and in Mr. Morrison's reply he asks for further clarification of what is implied by a "moratorium".

(6) *Public Declaration*

Here Mr. Morrison agrees that the time is not propitious for the issuance of a public declaration of aims. At the same time he expresses the view that it is important to give a lead to public opinion on the general aims of United Nations policy and expresses the view that if a stalemate should be reached in the fighting such a declaration would have considerable value. He hopes, therefore, that Mr. Acheson would continue to consider this possibility further with Sir Oliver Franks in the hope that a statement could be eventually issued.

2. The foregoing are the principal points in the message.

DEA/50069-A-40

119.

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 466 New York, May 14, 1951

CONFIDENTIAL. IMMEDIATE.

Repeat Washington No. 344.

ADDITIONAL MEASURES COMMITTEE

1. At the meeting at 10.30 a.m. today (14 May) the AMC adopted the revised United States draft resolution calling for an embargo on the shipment of strategic materials to China and North Korea. The vote was 11 in favour (including Canada), none against, 1 abstention (Egypt) with 2 absent (Burma and Yugoslavia). In my immediately following message I am sending you the text of the revised resolution as adopted.[32]

2. The meeting was an open meeting. Apparently the chairman had made arrangements beforehand to have the meeting open without consulting all members of the committee. Therefore, when the meeting began, large numbers of the press were present and no discussion took place as to whether the meeting should be open or closed.

3. Gross was the first speaker and introduced the revised United States resolution. He said that the changes made during the informal sub-committee meetings were of an "editorial" nature and that they did not affect the substance of the resolution. He then described the intention of the three component parts of the resolution in the same way that he had done at the closed meeting on 7 May (our teletype No. 448). He concluded by emphasizing that adoption of this resolution would not mean that the GOC had failed in its work but that, on the contrary, it was the hope of the United States delegation that the adoption of this resolution would strengthen the hand of the GOC in its negotiations.

4. Shann then spoke as rapporteur of the committee and presented a draft report from the AMC to the assembly. The first part of this report was purely factual but the last part contained a number of interpretations of paragraphs of the United States draft resolution agreed to by the majority of members at the informal meetings of the sub-committee. Subsequently, this report was approved at to-day's meeting of the AMC, with Mexico reserving its position on the interpretative parts of the report because of "lack of instructions". I am sending you in a separate teletype† the section of the report containing these interpretative comments.

5. Jebb then said that the United Kingdom would "wholeheartedly" support the United States draft resolution. He added that, while they had previously had some

[32] Voir/See *FRUS*, 1951, Volume VII, pp. 1988-1989.

doubts about the timing of the resolution, they would no longer insist on this point of view in view of the demonstrated unwillingness of Peking to enter into negotiations. However, Jebb did say that, so far as the last paragraph B of the resolution was concerned, (regarding the continuation of the consideration of additional measures), the United Kingdom hoped that any consideration of further additional measures by the AMC would be limited to the consideration of specific extensions of the embargo on strategic materials. LaCoste of France made a similar statement supporting the United States resolution and also agreeing with the United Kingdom comment regarding this paragraph B.

6. The representatives of Belgium, the Philippines, Venezuela and Brazil then announced their support for the United States resolution. Shann of Australia also supported the resolution, saying that, while the Australians still had some doubts about the timing of the resolution, they considered that these doubts were greatly outweighed by the necessity of having a "show of unity" among the democracies.

7. I then said that, as Canada was already imposing at least as broad restrictions on trade to China as were proposed in this resolution, we would be willing to support United Nations action along the same general lines.

8. Sarper of Turkey supported the resolution, but only as a "bare minimum". He emphasized strongly that Turkey believed more stringent additional measures would be needed in the future.

9. Fawzi Bey of Egypt made no comment in explanation of his abstention. Following the vote on the United States resolution (with the result given above), the committee then approved the draft report to the assembly, with a notation concerning Mexico's reservation on the interpretative portions.

10. After the meeting, LaCoste of France showed me a small amendment which his delegation is planning to introduce in the Political Committee regarding the first operative paragraph A of the resolution. This amendment would add to the general list of items which should be embargoed "transportation material of strategic importance". The French consider that, by specifying transportation material of this type, the resolution will be strengthened and they indicated to me that the United States had accepted this amendment. The United Kingdom have referred the amendment to London. I would appreciate your instructions as to what reply I should give to LaCoste regarding the Canadian views on this proposed amendment. It now looks as if the Political Committee will meet on Thursday, 17 May.

DEA/50069-A-40

120.

Le représentant permanent par intérim auprès des Nations Unies au sous-secrétaire d'État suppléant aux Affaires extérieures

Acting Permanent Representative to United Nations to Deputy Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL New York, May 15, 1951

Dear Escott [Reid],

I am enclosing for your own information a draft letter I prepared yesterday under the influence of anger. It has to do primarily with the behaviour of our American colleagues, a behaviour which after yesterday's meeting I considered intolerable, and which now that I have cooled seems damned annoying. This morning I was going to tear it up but I thought perhaps there would be some value in communicating the information and the impressions contained in it to you. Although I may have gone a little far in the conclusions to which I was led by what was perhaps a minor matter, I am still convinced that there are tendencies in United States behaviour which need to be watched carefully.

2. On this expedition to New York I am struck with the extent to which the whole United Nations has been Americanized in the past year. The U.S. Mission, it seems to me, are taking for granted rights and privileges which I am sure they would not have assumed a year ago. And those countries which formerly would not have tolerated such behaviour are cowed by the fury of the U.S. press and Congress, and of course by the brute facts of the inequality of power, particularly in Korea. The Secretary-General since the lamentable events of last autumn is no longer in a position for independent manoeuvre.

3. A good many people are quite unhappy about this situation, including a good many Americans of the Secretariat and in the press corps. Even the most friendly Americans, however, seem convinced that the rest of us have not upheld our share in the Korean enterprise and that the best way of checking a tendency which they and we dislike is to increase our fighting forces. Even non-American members of the Secretariat, although they appreciate the strategic difficulties better than do the Americans, nevertheless express strong hopes that other countries can find a way of so enlarging their United Nations forces that some kind of proper balance will be restored. Leo Malania for instance, who could scarcely be more unsympathetic with the U.S. position and U.S. tactics, argued very strongly some time ago that the best possible response on the part of Western European and Commonwealth countries to the dismissal of General MacArthur would be immediate announcements of the sending of additional forces to Korea. He called me yesterday to say that some of the men in the Secretariat had been discussing the forthcoming discussion in the Assembly on Additional Measures. They hoped very much that the Commonwealth countries in particular would seek to avoid the impression that they were coming along reluctantly under United States pressure and rather to take their place in the van of those upholding the U.N. cause.

4. These are rambling thoughts which need not be taken too seriously, and I hope you don't conclude I have lost all sense of proportion.

Yours sincerely,

JOHN [HOLMES]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une lettre du représentant permanent par intérim auprès des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Draft Letter from Acting Permanent Representative to United Nations to Under-Secretary of State for External Affairs

CONFIDENTIAL [New York], May 14, 1951

ADDITIONAL MEASURES COMMITTEE

1. One of the disturbing aspects of recent activities of the Additional Measures Committee has been the attitude adopted towards a "closed meeting".

2. As you will recall, it was agreed at the first meeting of the Committee that its sessions should be closed but that this rule might be changed if the members of the Committee agreed. We had no strong views on the necessity of closing the doors for these meetings, but when a majority of members had decided that they should be closed we accepted this decision and have treated the discussions in the A.M.C. as private. The press was not happy about this ruling and protested in the early stages.

3. In spite of the supposed confidential nature of the discussions in the Committee, the newspapers have contained as full and as accurate reports of such meetings as they have of open sessions in the United Nations. The reason is that the United States Representative has adopted a practice of holding a press conference after the meetings, at which he explains not only the United States position but also the position taken by other countries. It may be that the United States Representative is not the single source of information available to the press, but the supplementary information which is given by other Representatives, and, I think, by members of the Secretariat as well, may be attributed to the feeling that there is not much point in maintaining silence. It has not been necessary for us to report on these meetings to Canadian correspondents even if we wished to do so. The correspondents, however, have frequently telephoned to check Mr. Gross's report of what we had said in the meeting.

4. While the desire of the United States Mission to impress upon the people of this country the energy with which they are pressing for additional measures against China may be understandable, these practices have become humiliating to other members of the Committee. When our Australian colleague protested in vigorous terms to the press liaison officer of the U.S. Mission for presuming to report what the Australian Representative had said in the Committee, he was told that he had no right to interfere in regulations between the United States Mission and the

people of the United States, and given a lecture on the unique respect for freedom of speech and the press possessed by the people of the United States.

5. In spite of their circumvention of the Committee's rules, the United States Mission has been anxious to open the doors at A.M.C. meetings. They have found a willing instrument in the Chairman of the Committee, Mr. Sarper. At a previous session, Mr. Sarper endeavoured to declare a meeting open rather than closed before Representatives had time to realize what was happening. At that particular session both the United Kingdom and Australian Representatives had remarks to make about the unwisdom of the United States proposals which they were most anxious to make confidentially. They managed therefore to protest against the Chairman's ruling, and they were supported by the rest of the Committee. The United States Mission was determined, however, to have an open meeting when their resolution came up for a vote today. At about half past one last Saturday afternoon, at the tail end of a Sub-committee meeting to consider the text of the resolution, Mr. Ross calmly referred in the course of discussing some other subject to his understanding that the meeting would be open on Monday, the implication being that there had been a general desire for this. I challenged this assumption, on the grounds that it was very difficult for Delegations not to know whether a meeting would be open or closed, because their Governments would undoubtedly give them different instructions as to what to say in an open as distinct from a closed meeting. The Venezuelan Representative indicated that he too would like to know in advance, and a suggestion was made that the Chairman should consult the Representatives. In order that there should be no misunderstanding, I explained that I was not pressing for a closed meeting and that personally I saw certain advantages in officially recognizing that the meetings were open.

6. Certainly nothing which could have been interpreted as a decision on this question was taken, or could have been taken, at the purely informal meeting on Saturday, at which not all the members of the Committee were represented. Nevertheless, I learned on Sunday that the press had been informed that the meeting would be open, and it was so announced in this morning's newspapers. Consequently, when we arrived for the meeting, we found the room filled with newspapermen as well as representatives of Delegations not represented on the Committee. As the Chairman had not communicated with us or, so far as I am aware, with other Delegations, I assumed that he would put the matter to the Committee at the beginning of the meeting. The meeting began, however, with no reference whatever having been made to this question. Although I should have liked very much to raise the question, it was not an opportune time to do so. It would have been necessary to put oneself in a position in front of all the press of seeming to oppose their attendance. Without instructions from you on this subject, I did not think it wise to complicate thus the more important issues of the day.

7. I am reporting this aspect of the work of the A.M.C. not only because we should consider future policy on this particular question of open or closed meetings when the Committee begins meeting again, but also because it is, I think, an example of an increasing assumption by the United States Mission of the right to manipulate United Nations bodies as they wish. For the most part proper forms of democracy are observed, but it seems to me that the Americans are becoming

increasingly cynical even in their pretences. They would be indignant, no doubt, if they were confronted with charges of this kind, and I am sure they do not realize what they are doing. As usual they are so absorbed in the crusade of the moment that they cannot think very much about their scruples. They are aided by what seems to me an increasing tendency on the part of those who dislike this behaviour to consider that there is little use resisting. I found that although the Australians, Belgians, French, and others to whom I spoke on this subject shared my view that the situation was lamentable, there was a tendency on their part to consider it somewhat ingenuous on my part to do anything but shrug my shoulders. As my Australian colleague said, "You've got to get used to realizing who's running things here now".

8. It would be a mistake, I realize, to see these difficulties out of perspective. It would certainly be a great mistake for any country to determine its attitude on the U.S. draft resolution on the basis of pique over American behaviour in the Committee. As candid friends I think we might take note of a tendency, the results of which will not be good for the United Nations or for the United States.

9. One has the impression from time to time that our work in the United Nations is purely a sideshow for the main spectacle in Washington. We are in danger of losing our independence of judgment because of the increasing extent to which our judgment is guided by what we consider to be the impact of our policies on American public opinion. It is not only that the U.S. Mission remind us of this important factor and urge us to adopt policies which will ease the position of the Administration, but also that even the non-American Representatives have become so obsessed with the national controversies of this country that they have lost sight of opinion in Leeds and Liège, and certainly Lucknow.

10. We are not in a good position to control developments because, having given in to the pressure of American public opinion on two occasions, we have very much weakened our bargaining position. I do not wish to suggest that we were wrong in voting for the United States resolutions in the Assembly in January and this week in the Additional Measures Committee. Faced with these resolutions there was no alternative to supporting them. In doing so, however, we have fulfilled the predictions made by the United States Mission. There was never any hope of our shaking them in their resolve to press on with these resolutions because they were confident from the beginning that we would go along with them. So far no great harm has been done, but it is very doubtful if the United States Administration intends to stop here with "sanctions" — or could stop here if it wished. If we do not wish to support any further proposals for Additional Measures, it will not be easy to convince the Americans that we will continue to oppose them right through to the end of a vote in plenary session of the Assembly. At times I am at a loss to think of any means by which we can oppose them even on minor matters — as for instance the procedural question of an open or closed meeting. With the United States press in full cry breathing down our neck — arrogantly confident of its own sacred right to decide all issues — it takes a good deal of courage, and perhaps illusions of grandeur, to resist.

JOHN W. HOLMES

121. DEA/50069-A-40

Extrait d'un télégramme du représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 480 New York, May 18, 1951

SECRET. IMPORTANT.

Repeat Washington No. 362.
Reference my telegram No. 476 of May 17.

ADDITIONAL MEASURES AGAINST CHINA

1. The assembly in plenary session this morning passed the resolution [with the French amendment] proposing a selective economic embargo by 47 in favour [including Canada], none against, with 8 abstentions, and 5 members not participating in the vote. The majority was increased over that in committee by Ecuador, which received instructions overnight, and by the Luxembourg Minister who came from Washington to vote. The session was prolonged by the insistence of the Soviet Bloc repeating their arguments about the unconstitutionality of the measure in the guise of explanations of their votes.

2. This telegram is not intended as a summary of the sessions in committee and plenary as these have been fully reported in the U.N. teleprinter and the press. These are merely a few impressions of the debate.

3. The decision of the Soviet delegation to reject the right of the assembly to consider such a resolution and therefore not to participate in the vote greatly assisted the United States in securing a swift passage with a minimum amount of controversy. Such embarrassing questions as the United States attitude to the January principles were never even alluded to, and as the Russians were not raising substantive matters, India and other countries who wished to abstain were only too happy to explain their votes briefly and get the session over with. Even on the constitutional argument the Russians fared rather badly when Gross this morning surprised them by quoting their views in 1946 on the right and duty of the assembly to declare diplomatic and economic sanctions against Spain (an idea which Walter O'Hearn of the *Egoreal* [sic] *Star* had suggested to the United States delegation yesterday through their Information Officer).[33]

. . .

8. Although the absence of controversy was gratifying, there is some anxiety on the part of Commonwealth and western European countries about the conclusions which may be drawn in the United States from the size of the majority and the ineffectiveness of the opposition. The United States Mission are jubilant and

[33] Walter O'Hearn était correspondant auprès des Nations Unies du *Montreal Star* de 1945 à 1953.
Walter O'Hearn was the U.N. correspondent for the *Montreal Star* from 1945 until 1953.

frankly admit they had no idea it would be so easy. The New York press is cheering the smashing victory in what the *Daily News* significantly calls in its front page headline "first boycott against China". If a sober journal like *The New York Times* considered that the vote in the A.M.C. indicated readiness for further action (paragraph 5 of our telegram No. 471 of May 15),† they will certainly interpret the vote in the assembly as more than confirmation of this impression. Delegations like the Philippines, Brazil and Thailand made clear that this resolution did not go far enough, and Tsiang specifically demanded "diplomatic sanctions".

122. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[34]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[34]

TOP SECRET [Ottawa], May 19, 1951

Attached is copy No. 11 of telegram Y-254 of May 11, 1951,† containing the text of Mr. Morrison's letter to Mr. Acheson on the Korean war.[35] Sir Alexander Clutterbuck, in an interview with me earlier in the week, asked for comments on the portion of the letter which deals with the bombing of bases in China. I outline below some of the points I should raise with Sir Alexander when he comes back to hear our views, if you approve.

2. Mr. Morrison, in paragraph 3, states that if heavy air attacks are made on United Nations forces there will be no alternative but to bomb the bases in China from which the attacks have been launched. This is in accord with your statement in the House of Commons on May 7 in which you envisaged a situation in which allied planes would pursue enemy bombers back to, and attempt to destroy, the Manchurian air bases from which they came.

3. In paragraph 5, Mr. Morrison says that, while he agrees in principle to the decision to take retaliatory action, he cannot agree to the actual initiation of such action without consultation at the time of the provocation which requires counter-action. At some length he outlines the machinery which the United Kingdom can make available to ensure that it can be consulted promptly during a crisis. This differs from the position you took on May 7 when you said "It is possible to visualize a situation in which immediate retaliatory action without prior consultation might be unavoidable in pursuing enemy bombers back to, and in attempting to destroy, the Manchurian air bases from which they came". While, therefore, you desire that consultation with all the interested parties should take place at the time of provocation, you consider that there may be circumstances in which time does not permit of consultation, but the United Kingdom does not consider that such a

[34] Note marginale :/Marginal note:
Mr Reid: see Minister's comments — perhaps a note for Clutterbuck should be prepared May 20
A.D.P. H[eeney].

[35] Voir/See *FRUS*, 1951, Volume VII, pp. 427-431.

situation can be permitted to exist in view of the consequences which may follow upon air action against China.[36]

4. In his paragraph 6, Mr. Morrison pleads that the decision on the United States side to bomb China be made by the President himself and asks that authority to make this decision be not delegated. This again differs from the position we have taken. In his telegram WA-1801 of May 1† Mr. Wrong reported that "General Ridgway has been given authority, in case of an air attack from Manchuria, so extensive and dangerous to the United Nations forces as to satisfy him that prompt counter-action is required, to order retaliation if he is unable physically to communicate with Washington".[37] No action has been taken to inform the State Department that this authorization is unacceptable and, unless such action is taken, presumably we have no objection to the authorization.[38]

5. The United Kingdom authorities take the view that this circumstance cannot possibly arise. They have pointed out to us orally that General Ridgway in Tokyo has at his disposal special radio communications, ordinary commercial radio communications, telephone communications, submarine cables which run both east and west from Japan to the United States, and the facilities of United States warships in Japanese waters the wireless sets of which can reach Honolulu at the very least. They therefore deny that General Ridgway can in fact be cut off from communication with Washington unless he himself wishes to be cut off.[39] Paragraph 6 of Mr. Morrison's letter is probably an attempt to make British incredulity apparent.

6. In summary, both the United Kingdom and ourselves have placed the same limitation on the sort of air action which can be permitted. We both consider that it must be confined to the air bases from which actual attacks on United Nations forces take place. On the other two points, however, our positions diverge as we have allowed the United States greater latitude than the United Kingdom has. We would, however, no doubt hope that the United Kingdom would be successful in securing United States agreement to its insistence that the United Kingdom be consulted before actual retaliation takes place.[40] It is not that the United Kingdom in this case would in any constitutional sense be speaking for us. The United Kingdom might, however, be able to impose a certain amount of restraint upon the United States which we could only welcome. If, of course, time permits the United States to consult us we should expect the United States to do so but, as the British have pointed out to us orally, it is likely that any provocation will be accompanied by such an emotional crisis that the United States will in fact deny that there is any opportunity for consultation. Similarly, we should probably welcome United Kingdom success in urging on the United States that the President himself rather than

[36] Voir/See *FRUS*, 1951, Volume VII, pp. 427-431.

[37] L.B. Pearson a consigné les cinq notes marginales suivantes :/L.B. Pearson recorded the following five marginal notes:

I still think that our version of "hot pursuit" in certain circumstances without consultation is the more realistic one L.B.P[earson]

[38] Not if "he is physically unable to communicate with Washington"

[39] Ok — if this is the case then he has no authority to act without consultation

[40] Yes

any subordinate military or civilian official should make the decision to initiate air attacks on China.[41]

A.D.P. H[EENEY]

123.

DEA/50069-A-40

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

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

TOP SECRET

[Ottawa], May 23, 1951

Dear Sir Alexander [Clutterbuck],

When you were in to see me last week you asked for my comments on the portion of Mr. Morrison's letter to Mr. Acheson which concerned the possible necessity of bombing bases in China.

There appear to be three points at issue: the nature of air attacks on China, the necessity for consultation before the bombing takes place, and who is to authorize such bombing on behalf of the United States.

I think that the position taken by Mr. Morrison on the nature of the bombing is the same as my own. Mr. Morrison implies that air attacks should be confined to the bases in China from which attacks on United Nations forces have been launched. I had the same limitation in mind when I said in the House of Commons that allied planes might have to pursue enemy bombers back to, and attempt to destroy, the Manchurian air bases from which they came.[42] We appear to agree that bombing is permissible only against bases which are actually used to launch attacks against United Nations forces and that we do not contemplate general retaliatory bombing.

I note that, while Mr. Morrison has agreed in principle that bombing might have to be undertaken, he has not given his consent to the initiation of such attacks as yet and that he cannot convey United Kingdom consent until his government has had an opportunity to decide that some specific instance of attack has been sufficient to warrant counter-action. While I too have conceded the principle that air action against China may become necessary, I have maintained that, except in the unlikely event that communication between Tokyo and Washington should be physically impossible, such action should not be initiated until we have had an opportunity to be consulted. This is still my position.

The Canadian government has not contemplated an approach to the United States government with a request that the decision on the United States side to initiate bombing of Chinese bases should be taken by the President himself rather

[41] Yes L.B.P[earson]
[42] Voir Canada, Chambre des Communes, *Débats*, le 26 avril 1951, p. 2453.
See Canada, House of Commons, *Debates*, April 26, 1951, pp. 2396-2397.

than by any subordinate military or civilian official. However, I would view with satisfaction any success your Government might have in this direction.

Yours sincerely,

L.B. PEARSON

3e PARTIE/PART 3

LA DIVISION DU COMMONWEALTH EN CORÉE
COMMONWEALTH DIVISION IN KOREA

124. PCO

Extrait du procès-verbal d'une réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], February 20, 1951

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VII. CONTRIBUTIONS TO THE UNITED NATIONS FORCES IN KOREA AND THE INTEGRATED FORCE IN EUROPE

28. *The Minister of National Defence*, referring to the discussions in Cabinet on December 28, 1950, January 24, 1951 and February 1, 1951, said that, when the Chairman, Chiefs of Staff Committee had been in Washington on February 19th, he had conferred with General Bradley, Chairman of the United States Joint Chiefs of Staff, and General Collins, Chief of Staff, U.S. Army, regarding Canadian Army contributions to the United Nations forces in Korea and to the Integrated Force in Western Europe.[43]

29. *The Chairman, Chiefs of Staff Committee* recalled that, originally, a brigade group had been offered to the United Nations, subject to completion of training, and that the offer had been accepted. In November, when it appeared that the action in Korea would end shortly, the U.S. Joint Chiefs of Staff had indicated that one battalion for occupation duties would be the total Canadian Army requirement in Korea. While the State Department was considering confirmation of this view to the Canadian Government, the situation in Korea had deteriorated as a result of the Chinese assault and it had taken no further action. The Second Battalion, Princess Patricia's Canadian Light Infantry, had then been despatched to Korea and the rest of the Canadian Brigade Group had remained at Fort Lewis, Washington, to complete its training.

During his discussions with General Bradley on February 19th, the latter had indicated that the Chinese had recently had a serious set-back in Korea. The line had been stabilized, although it was not an unbroken line and allowed for considerable manoeuvring by both sides. Chinese casualties had been very heavy. The posi-

[43] Voir le document 505./See Document 505.

tion of the U.N. forces was quite good. Their morale and training had greatly improved under General Ridgway, although the South Korean divisions were still not dependable. The U.S. troops had been reorganized into two corps and were now much better soldiers. Because of the gaps in the front and the instability of the South Korean troops, Chinese infiltration behind U.N. formations was now quite normal but a technique had been developed for relieving surrounded U.N. troops after a considerable toll had been taken of the Chinese. Chinese equipment was still primitive.

The Unified Command intended to fight a war of attrition roughly in the present position and, although amphibious attacks and thrusts through the enemy land front might be made continuously, no general advance was planned. The aim was to demonstrate to the Communists that their superiority in numbers was to no avail against determined troops with first-class equipment. The U.S. Joint Chiefs of Staff hoped that, as a result, the Communists might think twice before initiating any other operations in Asia. While realizing that these tactics might create a stalemate in Korea, they felt that, if they could take a sufficient toll of the Communists, the latter might be more ready to negotiate a settlement. General Bradley did not anticipate any major campaigns by the Communists before June, when movement of the heavy equipment of the U.N. forces would be difficult.

General Bradley considered that, while General Ridgway was able to hold the Communists, he still had no troops to spare and was running considerable risks with the South Koreans. It was not possible for his troops to be relieved from the line to rest. The Americans were sending to Korea eight additional artillery regiments, as well as 25,000 reinforcements. They had no intention of sending further formations but would keep their units up to strength. For the last month U.N. casualties had been light, but the divisions had never been built up since the disastrous withdrawal from North Korea.

General Bradley had expressed to him the view that the Canadians should fulfil their offer to send a full brigade group to Korea in spite of the desirability of despatching forces immediately to the Integrated Force. He had pointed out that the other nations concerned had made good their offers and had suggested that it would be misunderstood in both military and political circles if the U.N. troops engaged in Korea had to continue to fight without rest and the Canadian offer remained unfulfilled.

As regards plans for U.S. contributions to the Integrated Force, one division would be sent in April, one in the latter part of June, one in September, and possibly one in November. These would be only half-trained and would have to complete their training in Europe. General Bradley thought that any Canadian contribution would be very acceptable. He had suggested that it might be despatched to Europe in one of the periods between the sailings of the U.S. divisions, and that August might be soon enough for this movement.

He had emphasized to General Bradley Canada's difficulty in both meeting the commitment in Korea and providing one-third of a division for Europe, with the reinforcement problem in Korea and the problem of rotation in Europe after eigh-

teen months. General Bradley had commented that he could not visualize the present Korean situation continuing that long.

General Bradley had mentioned to him that, while General MacArthur was confident that the Communists in Japan would not make much headway, there was anxiety over reports that Japanese prisoners in Russian hands had been formed into divisions in northeast Manchuria. As these troops might make a move against Japan, the U.S. Joint Chiefs of Staff were considering sending two half-trained divisions to bolster Japan while the Korean situation lasted. If the Korean war were brought to an end, it was intended to post four divisions to Japan.

General Collins, whom he had seen next, had expressed the same views as General Bradley with regard to Korea, and had said that he could not recommend to the Unified Command that the remainder of the Canadian brigade group was not required there.

General Collins had mentioned that the situation in Yugoslavia was giving considerable concern, there being some possibility of a move against that country this spring. General Collins had enquired whether any surplus Canadian equipment could be supplied to Yugoslavia and had been informed that it was all committed to the North Atlantic Treaty Organization. Tito, with whose staff the Americans had had talks, had indicated that any equipment provided from Western sources should be supplied as quietly as possible. As the Yugoslavs preferred Soviet equipment, such equipment of that type as was being captured in Korea was being passed on to the Yugoslavs.[44]

After his discussions with Generals Bradley and Collins, he had talked with the Standing Group and warned it that Canada would have to re-examine the timing of its contribution to the Integrated Force in the light of the request for more troops for Korea.

30. *The Secretary of State for External Affairs* said that, on February 19th, the State Department had confirmed the report given to the Chairman, Chiefs of Staff Committee, that the Unified Command had been considering the force requirements for Korea in the light of the strategy of stabilizing the front and carrying on a campaign of attrition in the hope that this would induce the Chinese Communist Government to negotiate a satisfactory settlement. In so doing, the State Department had conveyed to the Embassy in Washington an official request from the Unified Command that the Canadian Government consider (a) announcing at an early date an intention to send to Korea further contingents of the Special Force, which was expected to complete its training at Fort Lewis by April 1st, and (b) having these contingents leave for Korea prior to completion of their training. Further, it had been explained to the Embassy that the Unified Command desired additional force contributions by other U.N. members in view of the importance of maintaining the U.N. character of the operation. It was therefore making similar approaches to several other members, including Australia, New Zealand, Greece, Turkey, Brazil, Colombia, Chile and Mexico.

[44] Voir le document 505./See Document 505.

In view of Canada's offer of a brigade group, it appeared desirable to comply with the request of the Unified Command. He thought the Unified Command might be unduly optimistic about the possibilities of an aggressive war of attrition bringing Communist China to terms in the near future.

31. *General Foulkes* did not think the Chinese were likely to make an early withdrawal from Korea. To permit this, however, they might re-equip the North Koreans who would then be able to maintain a stiff opposition. The Americans were anxious to reduce their commitments in Korea as soon as possible, with a view to concentrating their efforts in Western Europe. To this end they might possibly build up the South Korean forces with heavy equipment.

32. *Mr. Claxton* said that the Canadian troops at Fort Lewis were in an advanced state of training. Their Commanding Officer would be in Ottawa on February 28th, when he could be consulted as to their readiness for despatch to Korea.

33. *General Foulkes* suggested that, since this request was bound to leak out in Washington, and as the U.S. authorities knew that the Canadians at Fort Lewis were far better trained than the U.S. troops that had been sent to Korea, it would be advantageous to announce, as soon as possible, the despatch of further elements of the Special Force.

34. *The Prime Minister* said that, as Canada had offered a full brigade group and the Unified Command had now officially requested the despatch of the remainder of it to Korea, it appeared very desirable to agree to the request promptly. While the Unified Command was perhaps somewhat optimistic about the prospects in Korea, it appeared to have adopted the only strategy open to it in present circumstances. Its request for additional troops from Canada and a number of other U.N. members was apparently being made not only because reinforcements were needed but, also, in the not unreasonable hope that, if the Chinese Communists saw that an impressive proportion of the United Nations were determined to prevent their aggression from succeeding, they would be more inclined to recognize the futility of their campaign and agree to negotiate a reasonable settlement.

35. *The Committee*, after further discussion, noted the reports of the Secretary of State for External Affairs and the Chairman, Chiefs of Staff Committee, regarding the request of the Unified Command for an early announcement that additional contingents of the Canadian Army Special Force be sent to Korea and that they be despatched before completion of their training at Fort Lewis on April 1st, and agreed to recommend to Cabinet the despatch to Korea, as soon as possible, of the remainder of the 25th Brigade Group originally offered to the United Nations; the early announcement of this plan; and notification of it to the Unified Command, through the State Department.[45]

[45] Approuvée par le Cabinet, le 21 et 22 février 1951./Approved by Cabinet on February 21 and 22, 1951.

DEA/50069-B-40

125.

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

[Ottawa], March 19, 1951

TOP SECRET

Attached for your information is a copy of letter No. 239 of March 10, 1951, from Tokyo, in which Mr. Menzies discusses sympathetically the possibility that Canada might take the initiative in negotiations for the formation of a Commonwealth Division in Korea.

It occurs to me that the points raised by Mr. Menzies might appropriately be considered in conjunction with the account given in the letter transmitted under General Odlum's despatch No. 83 of February 19, 1951.† This letter, of which a copy was sent to you on March 7, is a detailed statement by a British officer, apparently of some considerable background and intelligence, of his experience in the Korean fighting toward the end of 1950. He argues that the formation of a Commonwealth Division, with a Commonwealth command and headquarters staff, would be very valuable from a purely practical point of view in conserving the lives of Commonwealth troops and in ensuring, as far as possible, their efficient employment.

Mr. Menzies' recent letter is in general accord with the views expressed orally by Brigadier Fleury.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Le chef de la mission de liaison au Japon au sous-secrétaire d'État aux Affaires extérieures

Head, Liaison Mission in Japan, to Under-Secretary of State for External Affairs

LETTER NO. 239

Tokyo, March 10, 1951

TOP SECRET

CANADIAN BRIGADE FOR KOREA — COMMAND AND SUPPORT PROBLEMS

The decision to send a full Canadian brigade to Korea raises certain political questions concerning command and support on which I will venture to submit my views in this letter.

2. The only information which I have concerning the decision to send additional Canadian forces to Korea, apart from that available in the public press, was contained in a copy of teletype WA-635 of February 19† from Washington, conveying the official request from the Unified Command. I do not know what considerations

dictated the Government's decision in this matter, but I assume that the following points were taken into account:

(a) Public statements by Government leaders said that the Special Force would, when trained, be sent to Korea if it appeared that was where they could be most usefully employed then.

(b) It would be difficult to turn down a request from the United States for use of these troops in Korea when the United States was already supplying such a large proportion of the United Nations troops, and when the United States Government had indicated that it had weighed the Korean against the European requirement.

(c) Canada's voice in the discussion of Far Eastern problems inside and outside the United Nations would be stronger if backed by a larger military contingent in Korea.

3. It seems to me that, if Canada is to get the most out of this contribution of a further 5,500 men, careful political as well as military administrative attention should be given to the arrangements for their use here. Our brigade of 6,400 men will rank as the fourth largest military group in Korea, after the United States, Republic of Korea and United Kingdom (about 10,000) contingents. I think that we should look pretty carefully at just how our Brigade will fit into the United Nations Force in Korea, in order that our contribution will have the maximum desired effect.

4. When our Brigade arrives in Korea, there will be three Commonwealth Brigades there: (a) the wholly U.K. and strong 29th Brigade, (b) the 27th Brigade, made up of two U.K. infantry battalions, (Middlesex and Argylls), an infantry battalion of the Royal Australian Regiment, a regiment of New Zealand field artillery, the Indian Field Hospital, but short some supporting units, and (c) our 25th Brigade. Because these three brigades use largely British-type equipment, it will be necessary for them to operate near each other so that they can be served by the same line of communications. Right now, the 27th and 29th Brigades are not serving together, but they never are permitted to get far apart because they draw from a common supply line. It would be most logical for the three brigades to serve together in one division. This would have the following advantages:

(a) The brigades would use a single supply line which would be more economical even than three brigades operating separately near each other.

(b) The brigades would be commanded by a divisional headquarters that operated on the same basis as they did.

(c) A division commander and staff would carry more weight with United States Corps, Army and Theatre Commanders than three separate brigade commanders with their smaller headquarters.

(d) A division would make more of a public impression than three brigades as you will notice most of the reporting is about the operation of divisions as news reporters operate from divisional headquarters at the lowest.

(e) A cooperative effort to establish and operate a divisional headquarters would serve a constructive purpose. It would demonstrate to other Commonwealth Governments that, when practical considerations dictate, we are as prepared to put an

effort into cooperation with other Commonwealth Governments as we are with the United States when different practical considerations suggest another pattern of military cooperation.

5. It seems to me altogether likely that the U.N. Command will seek to have these three brigades associated in one division. I understand that the United Kingdom is not being asked to supply more troops and that it would be very difficult for them to do so. We do not know here yet what response there will be in Australia and New Zealand to the request of the Unified Command for additional troops. Perhaps one of them would supply the missing Service units for the 27th Brigade. Then there will just be the question of a divisional headquarters and divisional service and supply units. It seems to me that, if a divisional headquarters is to be established, it should be a cooperative venture, rather than being staffed by officers of one nationality only. I can see the possibility of minor frictions and some public misunderstanding if an Australian major-general, for instance, commanded the division and had a wholly Australian divisional headquarters staff.

6. I understand that the present British Commonwealth Occupation Forces base facilities in Japan which we are now using for the logistic support of the Second Battalion of the Princess Patricia's Canadian Light Infantry are already pretty heavily taxed by the 27th and 29th Brigades. It may be necessary for us to contribute some administrative personnel to BCOF when our brigade comes out.

7. Brigadier Fleury is returning to Canada this weekend for consultations in National Defence Headquarters on various questions connected with the command and support for the Canadian brigade. I have written this letter to suggest that, in addition to military administrative problems, there is a political side to these questions which should be considered. It seems to me that, if necessary to round out and make more effective our contribution, we should be prepared to consider locating extra men for a divisional headquarters and for logistic support, and should take the initiative, if necessary, in discussing arrangements with other Commonwealth Governments.

8. I have discussed this matter with Brigadier Fleury. He is far more familiar with the practical problems involved and their implications than I am. Since you have invited me to express my opinions on the use of Canadian forces in Korea, I thought it might not be out of place for me to write and draw the political aspects of this problem to your attention as I fancy that National Defence Headquarters may be more immediately concerned with the difficult manpower and other military administrative problems involved in the decision of the Government to send out the brigade and probably not too anxious to contemplate at this stage anything more. My point is that, if 10% more effort is required to make our contribution fully effective, then such an additional effort should be considered from the political as well as the military administrative point of view.

A.R. MENZIES

126. DEA/50069-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

TOP SECRET Ottawa, April 9, 1951

FORMATION OF DIVISION OF COMMONWEALTH TROOPS IN KOREA

Attached is a copy of a note on the formation of a division of Commonwealth troops in Korea left with me on April 6 by Sir Alexander Clutterbuck.

It will be observed that the note proposes the formation of a division of ground forces from Commonwealth countries under the title "First (Commonwealth) Division, United Nations Forces". This was the title agreed to by the Government some time ago.[46] The memorandum proposes the formation of this division as soon as feasible after the arrival of the remainder of the Canadian brigade.

I understand that informal discussions have already taken place at the Service level and that National Defence is examining the matter. I am inclined to think that from an operational standpoint there is much to be said for this development.[47]

Copies of the memorandum have gone to the Chiefs of Staff Committee with the suggestion that they report to the Cabinet Defence Committee as soon as feasible.

I am enclosing a copy of this memorandum addressed to the Prime Minister should you wish to send it forward.[48]

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du haut-commissaire du Royaume-Uni

Note by High Commissioner of United Kingdom

TOP SECRET Ottawa, April 6, 1951

FORMATION OF DIVISION OF COMMONWEALTH TROOPS IN KOREA

The question of the possible formation of a division of Commonwealth troops in Korea has been the subject of recent exchanges between the Canadian Chief of General Staff and the Chief of the Imperial General Staff. United Kingdom Ministers have now decided that, if the other Commonwealth Governments concerned agree, the United Kingdom should link its land forces in Korea with theirs to form

[46] Voir/See Volume 16, Document 94.

[47] Note marginale :/Marginal note:
This was agreed to at Cabinet this morning L.B.P[earson].

[48] Note marginale :/Marginal Note:
The Minister said it was not necessary (illegible) to go [to] the P.M. in view of Cabinet's agreement. [inconnu/unidentified]

a division of Commonwealth troops. The United Kingdom Government regard such a division as a most desirable objective with important advantages both in the military and in the international field.

2. After consulting General MacArthur, the United Kingdom Government have decided to maintain two United Kingdom brigades, less one battalion, in Korea for the time being. In the United Kingdom view, the division might comprise these two United Kingdom brigades (less the one battalion) together, as they would hope, with the Canadian 25th Infantry Brigade and the Australian, New Zealand and Indian contingents which are at present attached to the United Kingdom 27th Brigade.

3. As regards timing, the United Kingdom Government consider that the objective should be to form the division as soon as possible after the arrival in the Korean theatre of the balance of the Canadian 25th Brigade, which it is understood will take place in May. The programme at present contemplated by the United Kingdom Government is that the additional United Kingdom personnel involved, which are referred to in paragraph 6 below, should be assembled in the United Kingdom or in the Middle East by the end of May and despatched to Korea without further training. The completion of their training will be carried out in Korea if this is approved by the Unified Command. Delay in these proposed timings may be imposed by difficulties involved in the provision of shipping for vehicles and equipment.

4. Should this be acceptable to the other Governments concerned, the United Kingdom Government would be ready to make available a United Kingdom officer as Divisional Commander.

5. In their view the staff of the Commander should be an integrated one with officers serving on it from all the contributing Commonwealth countries. As in the case of the 27th Brigade, the division would come under United States operational control and under the non-operational control of the Commander-in-Chief of the British Commonwealth Occupation Force in Japan.

6. The United Kingdom War Office have had exploratory talks with the military liaison representatives in London of Canada, Australia and New Zealand as to how the additional troops required for the division might be provided, and the United Kingdom authorities are basing their plans for the moment on the assumption that New Zealand will be able to provide

(i) the Headquarters of a R.N.Z.A.S.C. infantry division transport platoon,

(ii) one R.N.Z.A.S.C. infantry division transport company,

(iii) one Light Aid Detachment.

The United Kingdom Government are ready to find the remaining divisional troops except that they hope that Canada, Australia, New Zealand and India will be in a position to contribute certain officers and other ranks to the integrated Divisional Headquarters, and it has also been suggested to the Canadian, Australian and New Zealand authorities that they might consider the possibility of contributing to the Divisional Signals.

7. In his letter of 8th December to the High Commissioner, the Under-Secretary of State for External Affairs stated that, should a division of ground forces from Commonwealth countries ultimately be formed, the proposed title "First (Commonwealth) Division, United Nations Forces" would be acceptable to the Canadian Government.[49] This suggestion has also been agreed by the New Zealand and Indian Governments, and in the view of the United Kingdom Government this title should be given to the division at present proposed, subject to the agreement of the Unified Command.

8. The High Commissioner has been asked to ascertain as soon as possible whether the Canadian Government concurs in the formation of a division of Commonwealth troops and in the main outlines of its organisation as proposed above; and, if so, whether it would authorise the Canadian military liaison representatives in London to proceed at once to discuss with the War Office the detailed arrangements, for instance as regards finance and administration.

127. DEA/50069-B-40

Note du secrétaire d'État aux Affaires extérieures au haut-commissaire du Royaume-Uni

Note from Secretary of State for External Affairs to High Commissioner of United Kingdom

No. D-32 Ottawa, April 24, 1951

TOP SECRET

The Secretary of State for External Affairs presents his compliments to the High Commissioner for the United Kingdom in Canada and acknowledges the High Commissioner's note of April 6, 1951, concerning the possible formation of a Commonwealth Division in Korea. The proposals outlined in this note have now been examined by the Canadian Government, and it is understood that certain negotiations have been carried on between representatives of the Canadian General Staff and the War Office.

The Canadian Government has agreed that Canada should participate in the formation of a Commonwealth Division in Korea. It is intended that the Canadian contribution will consist of the 25th Canadian Infantry Brigade Group, of which part is now in Korea and the remainder en route to Korea, plus eight officers and fourteen other ranks for the Divisional Headquarters Staff. The Canadian Government is glad to accept the suggestion that the United Kingdom Government should make available a United Kingdom officer as Divisional Commander.

It is understood that further negotiations will be carried on between the War Office and the Canadian General Staff in order to complete the necessary administrative and financial arrangements.

[49] Voir/See Volume 16, Document 95.

DEA/50069-B-40

128.

Note du chef de la 1re 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

Ottawa, June 26, 1951

TOP SECRET

Attached is a memorandum from Earnscliffe together with a draft directive to Major-General Cassels, the Commander of the First (Commonwealth) Division in Korea. This is an extremely interesting document, particularly paragraphs 4 and 5, which obviously aim to retain considerable political control over the disposition of the Division by the Unified Command.

I have sent a copy to Chiefs of Staff for their comments and a copy to Mr. Claxton for his information[50]

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Note du haut-commissaire du Royaume-Uni

Memorandum by High Commissioner of United Kingdom

Ottawa, June 22, 1951

TOP SECRET

FIRST (COMMONWEALTH) DIVISION, UNITED NATIONS FORCES

A draft Directive has been prepared for Major-General Cassels, the Commander of the First (Commonwealth) Division in Korea, and has been approved by the Ministry of Defence on behalf of the United Kingdom Government. The text of the draft is annexed.

The High Commissioner has been asked to ascertain the views of the Canadian Government on the terms of this Directive and would be grateful if the Department of External Affairs could inform him of any amendments which the Canadian authorities might wish to make as early as possible.

The other Commonwealth Governments which are contributing to the division are similarly being asked for their views.

[50] Note marginale :/Marginal note:
Mr. MacKay. Mr. Claxton feels (as I do) that in view of [the] Robertson-Melbourne channel we should have special arrangements to have Fleury brought in so that Ottawa has immediate notice of anything vital A.D.P. H[eeney] June 27.

[ANNEXE/ANNEX]

Projet d'une directive pour le major-général A.J.M. Cassels, commandant, Première Division (Commonwealth), Forces des Nations Unies en Corée

Draft Directive to Major-General A.J.M. Cassels, Commander, First (Commonwealth) Division, United Nations Forces in Korea

TOP SECRET

The role of the force under your command is as an integral part of the United Nations forces to act in operations designed to restore international peace and security in the area.

This force is composed of contingents contributed by the Governments of the United Kingdom, Canada, Australia, New Zealand and India. Contingents may be contributed by other Commonwealth countries in the future.

It has been agreed by the Governments who support the United Nations action in Korea that unified direction is essential to the speedy success of these operations. To this end the force under your command together with the units of the British Commonwealth Korean sub-area which are under the command of the Commander British Commonwealth Korean sub-area had been placed under the supreme command of the head of the United Nations Unified Command Korea, General Matthew B. Ridgway. You will carry out loyally any orders issued by him or by any American Commander subordinate to him under whose command you have been placed.

Lieutenant-General Sir Horace Robertson, Commander-in-Chief British Commonwealth Occupation Force, will act as the theatre commander for the purpose of non-operational control and general administration for all United Kingdom, Canadian, Australian, New Zealand and Indian forces in the Korea/Japan theatre. He will exercise this control through Administrative Headquarters British Commonwealth Forces Korea.

If an order given by the Head of the United Nations Unified Command Korea, or by any American Commander subordinate to him, under whose command you have been placed, appears in your opinion not to accord with the object of the United Nations operations in Korea as declared in paragraph 1 above, you will be at liberty to appeal to the Commander-in-Chief British Commonwealth Occupation Force, who will transmit your appeal to the Defence Committee, Melbourne, before the order is executed. You will however first inform the head of the United Nations Unified Command Korea, through any American Commander subordinate to him under whose command you have been placed, that you intend to appeal and you will give your reasons therefor.

If an order given by the head of the United Nations Unified Command Korea or by any American Commander subordinate to him, under whose command you have been placed, appears in your opinion to imperil the safety of the Commonwealth troops under your command to a degree exceptional in war, you will inform the head of the United Nations Unified Command Korea through any American Commander under whose command you will have been placed, that you will carry out

the order but that you intend to report the circumstances and your reasons for your opinion to the Commander-in-Chief British Commonwealth Occupation Force for transmission to the Defence Committee, Melbourne, and you will take such action.

A report which may later be classified as "a despatch to be published" covering the operations of all Commonwealth forces under your command will be prepared by you for submission to the Defence Committee, Melbourne, through the Commander-in-Chief British Commonwealth Occupation Force, and the Head of the United Nations Unified Command Korea. You attention is drawn to Army Order 404 of 1920, a copy† of which is attached to this Directive.

DEA/50069-B-40

129.

Le président du Comité des chefs d'état-major
au sous-secrétaire d'État suppléant aux Affaires extérieures

Chairman, Chiefs of Staff Committee,
to Deputy Under-Secretary of State for External Affairs

TOP SECRET

Ottawa, July 6, 1951

Dear Mr. Reid:

The Minister has requested that I forward the Chiefs of Staff views on the matter of the draft Directive to the Commander of the First (Commonwealth) Division in Korea, in which he concurs.

In regard to the channel of communication to be used by General Cassels should he find himself in disagreement with orders issued to him for carrying out operations in Korea as shown in paragraphs 5, 6 and 7 of the Draft Directive, it appears to us at the outset that an effort is being made to use the same machinery for dealing with operational questions as was agreed to by the Canadian Chiefs of Staff insofar as non-operational control and general administration in Korea are concerned. It appears that any questions of disagreement on carrying out operational orders by General Cassels is a question of such wide magnitude that it could not be settled by the Defence Committee in Melbourne, in consultation with the accredited representatives of New Zealand and the United Kingdom in Melbourne. Any disagreement between General Ridgway and General Cassels on operations could only be settled by, at least, the Chiefs of Staff of the countries concerned, and quite likely would have to be referred to respective Governments, as it may involve an interpretation of the objects of United Nations operations in Korea.

Therefore, it is felt that we should make an observation that in our opinion these non-operational channels which were agreed to for this purpose are wholly unsuitable to deal with the cases mentioned in paragraphs 5, 6 and 7.

It appears to us that the channel for dealing with operational disputes should be to the Chiefs of Staff of the participating countries in the Commonwealth Division, and in our case I would suggest that General Robertson should be instructed to transmit any such information to the Canadian Chiefs of Staff, through our repre-

sentative in Tokyo, Brigadier Fleury, for whatever action the Canadian authorities deem necessary.

The Chiefs of Staff feel that the likelihood of any misunderstanding arising with the personalities that are out there now is very remote, but there may be certain decisions in regard to occupation which may be highly political, therefore, it is essential that any decisions affecting Canadian troops should come through this channel.

Yours sincerely,
CHARLES FOULKES
Lieutenant-General

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

TOP SECRET Ottawa, July [n.d.], 1951

FIRST (COMMONWEALTH) DIVISION, UNITED NATIONS FORCES

The draft direction for Major-General Cassels, enclosed with the memorandum of June 22nd from the High Commissioner for the United Kingdom, is satisfactory to the Canadian Government except in one respect.

2. In the fifth, sixth, and seventh paragraphs it is stated that General Cassels will send certain communications to the Commander-in-Chief British Commonwealth Occupation Force (General Robertson) who will transmit them to the Defence Committee, Melbourne.

3. Presumably the Defence Committee, Melbourne, will, on receipt of such communications, consult the accredited representatives in Australia of the United Kingdom and New Zealand Chiefs of Staffs. However, the Canadian Chiefs of Staff have no representative in Australia; they do have a representative in Tokyo. He is Brigadier Fleury, Commander, Canadian Military Mission, Far East.

4. It will be recalled that a similar problem arose when the directive to General Robertson was considered in December, 1950. It was then decided to say that the responsibility for non-operational control of Commonwealth forces in Korea should rest with "the Australian defence machinery together with the accredited representatives of the Chiefs of Staff of all the participating Commonwealth countries. The accredited representatives of the United Kingdom and New Zealand Chiefs of Staff are located in Australia. The Canadian Military Liaison Officer at Tokyo has been designated as the accredited representative of the Canadian Chiefs of Staff in so far as non-operational control and general administration of the Canadian Army Force are concerned."[51]

5. The Canadian Government accordingly suggests the following changes in the draft directive to General Cassels:

[51] Voir/See Volume 16, Documents 95 and 96.

Fifth Paragraph Insert, *after* the words "who will transmit your appeal to the Defence Committee, Melbourne," the words "(and to the Canadian Military Mission in Tokyo),".

Sixth Paragraph Insert, *after* the words "Defence Committee, Melbourne," the words "(and to the Canadian Military Mission in Tokyo),".

Seventh Paragraph Insert, *after* the words "Defence Committee, Melbourne," the words "(and to the Canadian Military Mission in Tokyo),".

130. DEA/50069-B-40

Le sous-secrétaire d'État aux Affaires extérieures au secrétaire du Comité des chefs d'état-major

Under-Secretary of State for External Affairs to Secretary, Chiefs of Staff Committee

CONFIDENTIAL Ottawa, October 15, 1951

RE DIRECTIVE TO COMMANDER OF COMMONWEALTH DIVISION IN KOREA

With reference to Mr. Escott Reid's letter of July 11, 1951† to General Foulkes, I am enclosing a copy of a telegram No. 957 of October 12, 1951, from the Secretary of State for Commonwealth Relations to the High Commissioner for the United Kingdom in Canada, which was transmitted to this Department by Earnscliffe.

You will note that the suggestions made in General Foulkes' letter of July 10 have been included in the final text. Although the wording of some paragraphs has been modified and a new paragraph (paragraph 8) has been added, these modifications would not appear to change the substance of the first draft.

[A.D.P. HEENEY]

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni au haut-commissaire du Royaume-Uni

Secretary of State for Commonwealth Relations to High Commissioner of United Kingdom

TELEGRAM 957 London, October 12, 1951

CONFIDENTIAL

Addressed Canberra No. 830; Wellington No. 574; Delhi No. 1955.
Repeat Saving Pretoria No. 167.
My telegram No. 923 to Ottawa, No. 809, Canberra, No. 556 Wellington.

DIRECTIVE TO MAJOR GENERAL CASSELS

Following is text of directive approved by His Majesty's Government in United Kingdom which has been issued by War Office, Begins: The role of the force under your command is as an integral part of the United Nations forces to act in operations in Korea designed to restore international peace and security in the area.

2. This force is composed of contingents contributed by the Governments of the United Kingdom, Canada, Australia, New Zealand and India. Contingents may be contributed by other Commonwealth countries in the future.

3. It has been agreed by the Governments who support the United Nations action in Korea that unified direction is essential for co-ordination and control of forces contributed by them. To this end the force under your command has been placed under the supreme command of the head of the United Nations Unified Command Korea. You will carry out loyally any orders issued by him or by any American commander subordinate to him under whose command you have been placed.

4. Commander-in-Chief British Commonwealth Occupation Force will act as Theatre Commander for the purpose of non-operational control and general administration of the United Kingdom, Australian and New Zealand army and air forces and Canadian and Indian army forces which have been or may be made available to United Nations for operations in Korea. He will exercise this control through administrative headquarters British Commonwealth Forces Korea.

5. If an order given by the head of the United Nations Unified Command Korea or by any American commander subordinate to him under whose command you have been placed appears in your opinion not to accord with the object of the United Nations operations in Korea as declared in paragraph 1 above you will be at liberty to appeal to the Commander-in-Chief British Commonwealth Occupation Force, who before the order is executed, will represent the case to the head of the United Nations Unified Command Korea and report to the Australian Chiefs of Staff Committee and to the Canadian Chiefs of Staff through the Canadian Military Mission Tokyo. You will however first inform the head of the United Nations Unified Command Korea through any American commander subordinate to him under whose command you have been placed that you intend to appeal and you will give your reasons therefore.

6. If an order given by the head of the United Nations Unified Command Korea or by any American commander subordinate to him under whose command you have been placed, appears in your opinion to imperil ?security? of the Commonwealth troops under your command to a degree exceptional in war, you will inform the head of the United Nations Unified Command Korea through any American commander under whose command you have been placed that you will carry out the order but that you intend to report the circumstances and your reasons for your opinion to the Commander-in-Chief British Commonwealth Occupation Force for representation to the head of the United Nations Unified Command Korea and report to the Australian Chiefs of Staff Committee and to the Canadian Chiefs of Staff through the Canadian Military Mission Tokyo.

7. A report which may be later classified as "a despatch to be published" covering the operations of all Commonwealth forces under your command will be prepared

by you for submission to the Australian Chiefs of Staff Committee and the Canadian Chiefs of Staff (through the Canadian Military Mission Tokyo) through the Commander-in-Chief British Commonwealth Occupation Force and the head of the United Nations Unified Command Korea. Your attention is drawn to Army Order 404 of 1920 a copy of which is attached to this directive.

8. You will forward periodically to the War Office situation reports on operations in which your forces are engaged. Copies of these reports will also be sent to the Commander-in-Chief British Commonwealth Occupation Force for distribution to Australia, Canada, New Zealand and India. Please inform Commonwealth authorities.

4e PARTIE/PART 4

NÉGOCIATIONS EN VUE DE L'ARMISTICE
ARMISTICE NEGOTIATIONS

131. 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 1565 London, June 26, 1951

SECRET. IMMEDIATE.

Following for the Prime Minister from Pearson, Begins: Yesterday I met the Deputies of the North Atlantic Council and made to them a short statement† which is being sent by airmail. It was very general in character, but seems to have been pretty well received.

2. In the morning I had a press conference as the journalists here, especially the Canadians, had been clamouring for some statement. The first question was on Malik's broadcast, and I expressed the view that while there were a great many ambiguities in the Soviet statement, and though we had had unhappy experiences in the past with certain Russian statements on issues of this kind, nevertheless it would be a great mistake not to follow up Mr. Malik's proposals, so that we could at least find out what they meant.[52] I added that if they contained a satisfactory basis for ending the Korean war, on terms which the United Nations could accept, then we should make the most of it. I referred to the "cease-fire" proposals of last December as constituting, at that time, such a satisfactory basis, and suggested that they should be re-examined.[53]

[52] Voir/See *Documents on International Affairs, 1951*, London: Royal Institute of International Affairs-Oxford University Press, 1954, p. 633.
[53] Voir le document 19./See Document 19.

3. I received by telegram last night your own comments on this matter in the House of Commons, which have also been reported in the press here.[54]

4. Lie, who is flying back from Norway to New York, has sent a message to London that he is anxious to see me here between planes. I am conferring with Mr. Morrison at 3:30 this afternoon, and will then go out to the airport to see Mr. Lie. I shall cable you if there is anything to report after that talk. Ends.

132. 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 1589 London, June 27, 1951

SECRET

Following for the Prime Minister from Pearson, Begins: I had an interesting talk with Morrison yesterday afternoon, who I found well and cheerful, in spite of the difficulties that beset him at present.

2. He said that the government here felt that the Malik proposals should be treated seriously but cautiously; that we should avoid giving the U.S.S.R. any chance to say that they had been ignored or categorically rejected, and that they should be followed up at once, but with a minimum of publicity. He was hoping that Mr. Lie could remain in the background at present, because of the fact that he was so unacceptable to the Russians, and that subsequent enquiries of Malik might be made through Jebb and Austin and the French representative at the United Nations. I told him that this was our general attitude as well.

3. When I left Morrison I motored to the London Airport and spent a half an hour with Lie, who was enroute to New York. His general line was the same as Morrison's. He thinks Malik's proposals should be taken seriously, and that contact should be established with Malik at once for further clarification, but through the mechanism of individual enquiries rather than through the Political Committee of the United Nations or in any other public way. He himself does not intend to get in touch with Malik directly, for reasons which would appeal to Morrison, but hopes to use Zinchenko, who has apparently been closely in touch with him in regard to the Russian reaction to Korean developments.

4. On American advice, Lie has abandoned the idea which he discussed with me in Ottawa of a communication direct to Chou En-Lai, or even a journey to Peking, and has also, in view of the Malik proposals, decided it would be unwise to proceed with his suggestion that the Assembly might now be adjourned. I think that, in present circumstances, he is right on both these scores.

[54] Voir Canada, Chambre des Communes, *Débats*, le 25 juin 1951, pp. 4745-4746.
See Canada, House of Commons, *Debates*, June 25, 1951, pp. 4617-4618.

5. I suggested to Lie that in approaches to Malik, the cease-fire proposals of last December could be put forward, but that it might be unwise to put the Good Offices Committee or the Political Committee of the Assembly behind these proposals at present, as there might be more chance of success if a new departure were made. However, the proposals of last December for a cease-fire should suit the present situation if the U.S.S.R. is serious in its desire to bring the Korean conflict to an end. Lie is quite hopeful and thinks that important developments may be in the offing. I emphasized to him, though the emphasis did not seem to be necessary, that if so, these developments should be allowed to proceed normally and that we should be neither too impatient nor too obvious in following up Malik's suggestion. The thing is to work as effectively and as quickly as possible, but by confidential methods, if possible. Lie seemed entirely to agree with this. He added that the recent appeal that he had addressed to members of the United Nations for ground forces for Korea was badly timed in view of Malik's pronouncement, and he thought he might follow up this appeal by a personal and private letter to the Foreign Ministers of the governments concerned, asking them to postpone their reply to this appeal until the genuineness of Malik's proposals had been explored. Ends.

DEA/50069-A-40

133.

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-2697 Washington, June 29, 1951

SECRET. IMMEDIATE.

Reference: My WA-2683 of June 29th.†
Repeat Permdel No. 311.

CEASE-FIRE IN KOREA

1. The usual State Department meeting this afternoon was concerned entirely with a discussion led by Mr. Rusk on the next steps to be taken in following up Malik's proposal for a cease-fire in Korea. The military situation remains substantially unchanged.

2. Rusk said that during the course of the day the administration had been considering what further action should be taken in view of Gromyko's clarification of Malik's proposal of June 23rd.[55] It had been decided that some move should be made to endeavour to ascertain whether the other side wished to take specific steps towards a cessation of hostilities. There had been no real definition of Peking's attitude, nor was it known whether the Communist commanders would be willing to meet the United Nations commander to discuss arrangements for a cease-fire on

[55] Voir/See *FRUS*, 1951, Volume VII, pp. 560-561.

a purely military level. It was thought that the first thing to do would be to attempt to elicit some indication that the opposing commanders would be willing to undertake such a meeting.

3. The matter had been discussed with General Ridgway during the day, and Ridgway had just confirmed that he thought it would be practical to indicate to the opposing commanders his own willingness to meet them to discuss the possibilities of a cease-fire. General Ridgway had been authorized to address "by a number of means of communications" the following message to the Commander-in-Chief of the Communist Forces in Korea at 6:00 p.m., July 29th (8 a.m. Tokyo time) Text Begins:

Message to the Commander in Chief Communist Forces in Korea

As Commander in Chief of the United Nations command I have been instructed to communicate to you the following:

"I am informed that you may wish a meeting to discuss an armistice providing for the cessation of hostilities and all acts of armed force in Korea, with adequate guarantees for the maintenance of such armistice.

"Upon the receipt of word from you that such a meeting is desired I shall be prepared to name my representative. I would also at that time suggest a date at which he could meet with your representative. I propose that such a meeting could take place aboard a Danish hospital ship in Wonsan harbor.

M.B. RIDGWAY
General, United States Army
Commander in Chief
United Nations Command"

4. In explanation of the message Rusk said that it was considered important to follow up the initiative that the other side had taken, but not to give the impression that the enemy was considered to be suing for peace; in other words, care had been taken to avoid raising prestige obstacles which might prevent the enemy from responding. Furthermore, Ridgway's message would now place some responsibility for the continuation of peace efforts on the other side.

5. Ridgway used the title of Commander-in-Chief, United Nations Command, and made no reference to governments as such in his message, in an effort to accommodate the apparent desire of the other side to keep cease-fire conversation within a military framework and off the government level. On the other hand, it was necessary to make it quite clear that General Ridgway was speaking with full authority.

6. Mention had been made in Ridgway's message of the necessity for "adequate guarantees" because this was regarded as a *sine qua non* of any cease-fire arrangement. In the initial stage, agreements reached would not be inter-governmental agreements, but would be of a military character, and it would be necessary for each side to have safeguards against the surreptitious build-up of forces during the period of an armistice. (It was pointed out that Gromyko had referred to safeguards being discussed by the commanders in the field). The principle of supervision is of the utmost importance. The United Nations, for instance, could not be expected to

withdraw from air activity without suitable guarantees against a military build-up by the opposing forces possibly through the use of observers.

7. A Danish hospital ship was suggested as a possible meeting place, with the thought that this would not require either side to go into the other's camp. The port at Wonsan was chosen, since this would be as convenient a location as any for the Communists. The hospital ship in question was the *Jutlandia*, which is already in Korean waters. It is understood that the Danish Government would be agreeable to the use of the hospital ship for this purpose. The ship would be operating under the control of the Danish Government, not of the United Nations command.

8. An anonymous address was to be used in Ridgway's message because there was no certain knowledge as to the identity of the opposing commander or commanders, nor was the relationship between the Korean and Chinese command known.

9. It is anticipated that if cease-fire discussions are held Ridgway will be assisted by a staff from the Unified Command Headquarters, including a senior representative of the South Korean command.

10. In the conduct of such discussions Ridgway would act under directives from Washington. There would be general consultations with the governments of countries having forces in Korea on such directives through their representatives in Washington. The report of the group on cease-fire in Korea, of January 2, 1951, to the General Assembly might be a useful starting point.[56] Discussions in the field by the military commanders would require some latitude and Rusk pointed out that a stage might be reached where Ridgway would have to act under immediate and most secret instructions.

11. Questioned as to the attitude of the South Korean government toward negotiations for a settlement, Rusk conceded that a very difficult problem was involved. He thought that it would be of assistance when the Korean Ambassador joined the regular meetings on Korea held at the State Department, since it was necessary that the Koreans should not feel that they were being entirely excluded from any settlement of the Korean affair. Rusk said that, although the South Korean Government would never abandon its stand on unification, nevertheless he personally felt that there would be limits to how far the South Koreans would wish to go to press their view. Ambassador Muccio was taking every occasion to point out to the South Korean Government that the unification of Korea was also a declared political aim of the United Nations.

12. In conclusion Rusk defined the United States position as being willing to accept an armistice, if satisfactory terms for a cease-fire can be arranged, because (1) the military aims of the United Nations armies in Korea have now been accomplished, and (2) it is the view of the United States Government that if the Korean war continues it will increase in scope, not lessen.

[56] Voir le document 19./See Document 19.

134. DEA/50069-A-40

Le sous-secrétaire d'État aux Affaires extérieures à la délégation permanente auprès des Nations Unies

Under-Secretary of State for External Affairs to Permanent Delegation to United Nations

LETTER NO. Y-1133 Ottawa, June 29, 1951

SECRET

Repeat Washington No. Y-2414; London No. Y-2487; Paris No. Y-1005; Moscow No. Y-338.

MR. MALIK'S PEACE PROPOSAL

Since Mr. Malik made his very brief offer on Saturday, we have been trying to get clear in our own minds what could be the possible motives for his action. This is an attempt to put that thinking down on paper; the result is unfortunately to pose questions but not to answer them. The matter can on the basis of the small amount of information available to us only be explored on a basis of alternatives.

2. The first series of alternatives is that either the offer was genuine or it was not. If it was genuine it would appear to follow that the Russians must have consulted the Central People's Government of China and that the latter must have consented to Mr. Malik's making the offer. This is a necessary deduction because the Russians would be in an impossible position if the offer was picked up and the Chinese refused to go along with Russian proposals. On the assumption, therefore, that the Chinese gave their consent to the offer and that the offer is meant to be a genuine one, again there are two possibilities. The terms of the offer were very brief and no conditions for a truce were specified. It is, therefore, not clear whether or not they intend to put conditions on the offer. If they do not intend to put conditions on the offer one is led to the assumption that they are ready for peace without necessarily obtaining their objects of a seat in the United Nations, control of Formosa and the destruction of Chiang Kai-Shek.

3. Seven reasons have occurred to us why the Chinese might be willing to agree to a truce without the attainment of their objectives. These seven reasons might be alternative or cumulative. They are:

(a) The Central People's Government may feel a need to be free to devote its full energies to strengthening its position inside China, i.e., to consolidate the revolution.

(b) The Central People's Government may see that it cannot win the war under present conditions. It apparently cannot get supplies from the Soviet Union in sufficient quantities to overcome allied technical superiority and, therefore, wants to call off the war and cut its losses. If this is an important factor, it follows that there is probably the germ of some unpleasantness here between China and the Soviet Union.

(c) The economic blockade (which of course began long before the United Nations passed its resolution) may be having a more serious effect than we have estimated.

(d) The Central People's Government may fear that a continuation of the war might provoke a naval blockade which in turn might have serious effects on the Chinese economy which the Central People's Government would be at a loss to counteract.

(e) The Central People's Government may fear that a continuation of the war will provoke a major war, accompanied by attacks on China. It may estimate that such a war would not be in its best interest at the present time and that the possible benefits to be gained from continued war in Korea will do little or nothing to compensate for the consequences of provoking a general war.

(f) The Central People's Government may have estimated that it would be worth considerable sacrifice to get United Nations (and especially United States) forces out of Asia in the belief that once out they would not return even under greater provocation than the original attack on South Korea a year ago.

(g) Consultations between the Chinese Communists and the Russian Communists may have led to the conclusion that it is in the interests of the world revolution to take steps which might abate the present rate of Western re-armament even at the sacrifice of principles and interests in Korea. While some Americans might be inclined to term this subservience to the Kremlin, it would be preferable to call it an identity of long-term interests.

4. We may find, however, that the Chinese are not planning on peace without the attainment of their objectives. They may think that by offering an armistice in Korea they can ultimately gain a seat in the United Nations, gain possession of Formosa, and destroy Chiang Kai-Shek. The Central People's Government may have estimated that a continuation of the present course, so far from making the attainment of its objects more likely is in fact making their attainment more remote. In short, it may have estimated that the time has come for a change of tactics without a change of objectives. It may think that, after the Korean war has ended, more countries will recognize the Central People's Government and consent to seating it in the United Nations. If this were to come about, the Formosan problem could come in front of the United Nations, as Mr. Acheson has said the United States wants it to, and the Central People's Government will stand some chance of either securing Formosa outright or at least of getting the Nationalist Government removed from it.

5. To go back to the original alternatives, it is possible that the offer made by Mr. Malik is not genuine. In this event, again two alternatives unfold. The offer can be made ineffective either by the Soviet side or by the United States side. Under the first of these alternatives, the Soviet Union or China may be planning to place impossible conditions on a settlement. This could have as its object injuring the morale of the allies (and especially of the European allies) by holding out the hope of peace and then letting their hopes down with a bang. The disadvantage of this course is that it might provoke strong United States reaction and possibly even lead to a third world war. On the other hand, it is possible that the Soviet Union and

China may want war to break out now on terms which will make it look like the fault of the United States.

6. If the Soviet Union made the offer in the expectation that the United States would take action to make a settlement impossible it would necessarily be assuming that the United States would place impossible conditions on a truce. The object of this, obviously would again be to attack allied morale, to divide the Western alliance and to ensure that the Indians and other neutralist states would not take sides with the United States in the event of war.

7. While we may be uncertain as to the motives which lay behind Mr. Malik's offer, the Western powers would be negligent if they failed to try to take advantage of the offer. While this attempt is being made it will be particularly important to have any clues which may throw light on the reasons for the offer. It would be appreciated if such information could be forwarded by telegram.

C.A. RONNING
for Under-Secretary of State
for External Affairs

135. PCO/Vol. 167

Le chef de la 1ère Direction de liaison avec la Défense au premier ministre

Head, Defence Liaison (1) Division, to Prime Minister

TELEGRAM Ottawa, July 1, 1951

The following message delivered over Peking Radio Station at 13.30 GMT today was given Mr. Ignatieff by State Department and telephoned Ottawa. Message begins:

Here is important news from the Korean front:

A notification was issued jointly today after consultation by General Kim Il Sung, Supreme Commander of the Korean People's Army, and General Peng Teh Huai, Commander of the Chinese volunteers in reply to the statement of General Ridgway, Commander-in-Chief of the United Nations Forces.

The notification of General Kim Il Sung and General Peng Teh Huai reads as follows quote General Ridgway, Commander-in-Chief of the United Nations Forces.

Your statement of June thirtieth this year concerning peace talks has been received. We are authorized to inform you that we agree to meet your representatives for conducting talks concerning cessation of military action and establishment of peace. We propose that the place of meeting be in the area of Kaesong on the 38th parallel. If you agree our representatives are prepared to meet your representative between July 10 and 15, 1951. (Signed) General Kim Il sung, Supreme Commander of the Korean People's Army and General Peng Teh Huai, Supreme Commander of the Chinese volunteers.

The above is unclassified, the following is confidential.

Comment of the State Department:

1. That General Ridgway's existing instructions would permit him to make a reply to this message accepting it.

2. That his only query might be the time of meeting. But it is left to his discretion whether to accept this time.

I asked Mr. Ignatieff whether the State Department had any views as to why date so far in advance is proposed. He stated that the State Department suggested two possibilities:

(1) The Chinese, Koreans, and Russians may not yet have agreed on armistice terms they will accept.

(2) Perhaps they were hoping to be able to strengthen their military situation meantime in order to be in a better bargaining position.

Mr. Ignatieff stated that the State Department seemed to be reasonably optimistic. He stated that the matter of instructions to Ridgway would be discussed at a meeting of representatives of participating countries to be held probably tomorrow. The basis of discussion would be the statement of armistice terms issued by UN Committee on January 2nd. He thought it would be useful to have our views by tomorrow morning. I am endeavouring to contact Mr. Claxton and Mr. Reid. Presumably we will have few comments if any on statement of January 2 which was then carefully considered by all governments concerned.

R.A. MACKAY

DEA/50069-A-40

136.

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-7354 Ottawa, July 2, 1951

CONFIDENTIAL. IMMEDIATE.

Your WA-2699 of July 2.†

CEASE-FIRE KOREA

Text of reply from Peiking to General Ridgway together with comments transmitted by Ignatieff to MacKay yesterday were sent by telegraph to the Prime Minister. The Prime Minister's comments as conveyed in telegram from Asselin to MacKay are as follows:

"After reading your message Prime Minister feels that terms along the lines of Statement of January 2 would be satisfactory and that large latitude should be left to General Ridgway."

It is felt that the Prime Minister's comments will serve for your guidance in the projected meeting today or tomorrow of representatives of sixteen U.N. nations to discuss instructions to General Ridgway regarding details of cease-fire.

137. 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-2721 Washington, July 3, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 318.

GUIDANCE FOR GENERAL RIDGWAY IN ARMISTICE TALKS

1. This part of the discussion in today's State Department meeting was led by Rusk. He began by commenting on the Communist reply to General Ridgway's first message and General Ridgway's message of acceptance of today. He said that the Communist message of July 1st (contained in WA-2699)[57] was drawn up in such precise and courteous terms that it seemed that the Communist Military Command was desirous of going ahead with talks leading to the cessation of hostilities. General Ridgway's reply of today was drafted on that assumption. The location of Kaesong was accepted by the Unified Command, with the difference, however, that General Ridgway's message specified "in Kaesong" while the Communist message had spoken of "in the area of Kaesong". General Ridgway also suggested a preliminary meeting between liaison officers on the 5th of July for the reason that a number of preliminary arrangements would have to be made to assure the security of the truce talks in a neutralized territory. This would be necessary in a front-line battle zone, but would not have been necessary had the Communists accepted a meeting on a hospital ship at Wonsan.

2. Rusk then outlined the broad principles of the guidance under which General Ridgway would conduct his discussions leading to an armistice.

3. Rusk said that the talks now contemplated between General Ridgway and the commanders of the North Korean and Chinese Communist forces, would be strictly military in character. What was contemplated were technical military arrangements for the cessation of hostilities with guarantees against their resumption, and the complete avoidance of any talks on territorial or political subjects. Rusk recalled that this separation of military from political discussions was in accordance with Soviet views as given in Gromyko's explanation to Kirk of Malik's statement. (See WA-2666 of June 27th)† Special arrangements, as Gromyko had suggested, would have to be made for political and territorial settlements. This, Rusk suggested,

[57] Voir le document 135./See Document 135.

would imply a different forum for such negotiations with a different composition for the negotiators and terms of reference. It would also be understood that General Ridgway, for his part, would not enter into any commitments or agreements that would prejudice the United Nations principle of a unified Korea. Discussion of this question would be excluded from the military negotiations.

4. There could be no restriction on General Ridgway's military operation until agreements for an armistice had been worked out and put into effect. Rusk pointed out that the United Nations side was at a distinct disadvantage in regard to the capability to reinforce or replace its forces. The proximity of Manchurian bases, and of China as a source of manpower, made it possible for the other side to continue their build-up, which could obviously have an effect upon the relative bargaining powers of the two sides. Thus, for example, until agreements have been reached on an armistice it would be essential for the United Nations air operations to be continued. The cost of continuing military operations while the armistice talks were in progress would have to be accepted in order to maintain the present favourable military position of the United Nations forces. (Rusk suggested that it may be desirable to make some public statement in explanation of this aspect of the problem).

5. Details concerning any demilitarized zone should be left to the discretion of General Ridgway. It was not contemplated that there should be any significant change in the position of the armies under the armistice. It was important that the United Nations Command should maintain its present comparatively favourable military position until a settlement is reached in Korea. To give up the dominating ground at the base of the Chorwon-Kumwha-Pyongyang triangle would be very prejudicial to United Nations interests. (Rusk thought that the demarcation of a line would be the most difficult problem in the armistice negotiations).

6. Any armistice agreed upon should embrace air, ground and naval operations. If an armistice were concluded, air force activity would cease, and it was contemplated that United Nations naval units off North Korea would proceed into international waters outside the three-mile limit. The position of ground forces would be settled in accordance with any agreements reached as to a demilitarized zone.

7. Rusk reiterated that the United States was greatly concerned over the question of supervision. It would be absolutely necessary for the two sides to know what the other was doing during the armistice. It might be possible for the opposing commanders to establish a Mixed Military Commission, with officers appointed from both sides to have free access throughout Korea to supervise the observance of the armistice.

8. In short, from the remarks made by Rusk it appears that the United States Government envisages the talks now contemplated as being essentially concerned with comprehensive military arrangements for the cessation of hostilities and as being without prejudice to the character of the political settlement in Korea, which would have to be conducted in a different forum. When speaking after the meeting about the question of associating the United Nations with these negotiations, Hickerson expressed the view that after agreement had been concluded for an armistice it should be put immediately into effect. As soon as hostilities had ceased the agree-

ment would be transmitted to the appropriate organs of the United Nations, presumably to be noted with approval. He thought that the Unified Command's existing authority would permit Ridgway to conclude an armistice without further United Nations authority. It would be an entirely different matter when questions of territorial or political settlement were under discussion. Specific United Nations authority would be required for the discussion of this category of questions.

9. The Korean Ambassador attended for the first time.

10. The comments of governments represented were invited on Rusk's statements. The next meeting will be on Friday, July 6th.

138. 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-1370 Washington, July 4, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 432; London No. 1147.
Reference: Your WA-2721 of July 3.

COMMENT ON RUSK'S STATEMENT

Following from Acting Under-Secretary, Begins: In paragraph 10 of your message you suggested that the comments of other governments represented were invited on Rusk's statements at the meeting held on July 3. I think there is no need to comment on what Rusk has said as the United States position, as both Mr. Acheson and Mr. Rusk have made clear, is that the United Nations Commander already has the power to conclude an armistice if he wishes to do so. This is a proposition which we do not wish to argue one way or another. The attitude of the United States government at this point appears to be most reasonable and we think that General Ridgway can be trusted to make the best possible bargain neither giving away anything unnecessarily nor pressing for so much that the negotiations will come to an end. This of course is based on the assumption that the enemy offer was seriously meant.

2. While we are content to leave the negotiation of the armistice in Ridgway's hands, it is of course understood that we will wish to make our views known on a political settlement in due course. As this position appears to be understood by the State Department, I think that it is unnecessary to offer any comment.

DEA/50069-A-40

139.

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-2985 Washington, July 31, 1951

SECRET

KOREA

Following for Heeney from Wrong, Begins: In your EX-1519 of July 27th† you asked me to give an appreciation of the prospects and problems of the armistice negotiations. Such an appreciation can be little more than a summary of the main points in our reports of the meetings at the State Department.

2. On the whole, developments from Malik's speech on June 23rd to the agreement by the negotiators in Kaesong on the agenda for the discussions were mildly encouraging. Objections on the United Nations side to the presence of armed forces in Kaesong and to the denial of ready access to the conference site were met promptly and fully. The Communists also, as soon as they realized that they could not get their way, dropped their insistence on an agenda item dealing with the withdrawal of all foreign forces from Korea and substituted general language which was acceptable.

3. I think it likely that if agreement can be reached on the armistice line, it will mean that agreement on the other items will be forthcoming, though quite possibly after protracted negotiation. The case for fixing the southern boundary of the demilitarized zone at approximately the present position of the United Nations forces is unanswerable on military grounds. If the 38th parallel were to be accepted, the first defensive position to the south of it would be the Han River line, and Seoul would be extremely vulnerable if fighting broke out again. I have not heard any suggestion that other governments with forces in Korea would support withdrawal below the 38th parallel.

4. There is probably some room for bargaining in the position taken by the United Nations negotiators with respect both to the proposed southern limit for the Communist forces and the northern limit for the United Nations forces. The basic United Nations military position (the Kansas line) is several miles south of the proposed armistice line which in the main follows their advanced posts, and it does not include any territory across the Imjin River. The best early test of Communist intentions is likely to be whether they will accept any line other than the 38th parallel. If they do not, the negotiations will break down. The negotiators have been wholly deadlocked on this issue for half a dozen meetings, but that is the usual pattern in dealing with Communist delegates.

5. If agreement is reached on this, there is sure to be much argument over the next item, which deals with the means for ensuring the observance of the armistice, as inspection is rightly regarded as an essential condition to avoid build-ups and sur-

prise attacks. During the debates on the agenda very little was said on this subject, and we therefore have not much to go on in assessing its difficulties.

6. The item on prisoners-of-war is also expected to prove troublesome. The Communists have already shown themselves very sensitive to suggestions that their camps might be visited by the International Red Cross. Possibly they would be less opposed to placing all arrangements relating to prisoners under the direction of one country, such as Sweden. I gather that on the United Nations side they intend to stick to the idea of a man-for-man exchange. There is no information in Washington on the numbers of South Korean prisoners held by the Communists, but it is thought that probably the United Nations side holds more North Koreans. Chinese prisoners in our hands and United Nations prisoners (other than Koreans) in Communist hands may be in rough balance.

7. If the negotiators work through the agenda successfully up to this point, the ambiguous fifth item on recommendations to governments may not prove very difficult. Agreement on the other items would establish, in my judgment, the intention of the Communists to go through with an armistice.

8. I think that there is little to criticize in the general line adopted by the United Nations command in the negotiations. Only if one felt wholly confident that a cease-fire would be promptly followed by an acceptable political settlement would concessions be justified on such matters as the use of the 38th parallel as the military demarcation line and loose arrangements for the observance of the armistice terms. There is certainly not enough reason for confidence to warrant acceptance of conditions which would gravely prejudice the safety of the United Nations forces if fighting were resumed. Ends.

140. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, August 7, 1951

KOREA

7. *Mr. Norman.* Armistice talks have been deadlocked during the past week on the first substantive question on the agenda i.e., the fixing of a demarcation line and a demilitarized zone. The Communist Delegation has insisted on the 38th parallel as a dividing line with a ten mile demilitarized zone on either side; the United Nations Delegation has declared this to be a completely unacceptable basis for discussion. The United Nations Delegation has offered to consider a line other than the 38th parallel and adjustments in the demilitarized zone which it originally proposed but the Communist Delegation has not been receptive to this suggestion. The United Nations Delegation intends to wait out the deadlock on this issue and will not take the initiative in breaking off negotiations over it. (Secret)

DEA/50069-A-40

141.

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- 1607 Ottawa, August 13, 1951

SECRET. IMPORTANT.

Repeat London No. 1431; Permdel No. 501.

KOREA — CEASE-FIRE TALKS

1. I should be grateful if you would see Mr. Hickerson or Mr. Rusk and give him orally and informally a message from me along the following lines.

2. While we are all greatly relieved here that the cease-fire talks have been resumed, we are also concerned by the possibility that the talks may break down over the issue of the demarcation line, and in such a way as to give the Communists good propaganda material.

3. It is my understanding that at the last cease-fire meeting, the Communists were still refusing to discuss the demarcation line on any other basis than the 38th parallel, and that they appeared either not to appreciate or else to be reluctant to respond to Admiral Joy's suggestion that the demilitarized zone proposed by the United Nations was susceptible of some adjustment. I realize that the United Nations bargaining position might be weakened if the United Nations now tell the Communists the precise compromise which the United Nations is willing to make. However, if the stalemate should reach the point at which there is imminent danger of a complete breakdown, I would think that the disadvantages of the United Nations volunteering a precise compromise would be less than the danger of the talks breaking down because the Communists had not realized that the United Nations was prepared to make this concession.

4. I am not myself entirely certain of the precise nature of the instruction which has been given to Admiral Joy in this regard. Am I correct in assuming that he has been authorized to make the proposal which Hickerson mentioned (your WA-3041 of August [sic])†: "the present battleline as the demarcation line with a shortened demilitarized zone less than 10 miles on either side."

5. I can myself see very considerable political merit in this kind of compromise proposal since it would mean that each side would withdraw its forces the same distance from the present battleline. I am sure that to most people this would seem an eminently reasonable offer and if the Communists refused it, it would be clear that the responsibility for a breakdown in the negotiations rested with them.

6. It is important, of course, not to weaken on matters of substance in the current Kaesong talks. But it is also important not to give either the Communists or the peoples in our own countries the impression that the cease-fire negotiations, so far as the United Nations is concerned, are on a take-it-or-leave-it basis. If the Com-

munists were given this impression, there is danger that they would conclude that the United Nations has no real desire for a cease-fire. The Communist propaganda line at present is certainly building up towards making such a case. That case would be strengthened for them by the fact that they could compare our stand today as to where the cease-fire line should be with that which was put forward, with United States agreement, by the United Nations Cease-Fire Committee on December 15th last.

142. 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-3114 Washington, August 15, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 380.

KOREA — CEASE-FIRE TALKS

1. The message contained in your EX-1607 of August 13th was discussed yesterday with Hickerson by Campbell.

2. Hickerson said he was quite in accord with your thinking and he wished you to be assured about this. The danger of the Communists making propaganda capital, if the present deadlock at Kaesong should result in breakdown of the cease-fire negotiations, is fully appreciated by the administration.

3. Hickerson read out portions of Ridgway's instructions, to show that the United Nations negotiator had latitude to make such a compromise as mentioned in paragraph 4 of your message. Ridgway's main limiting instruction is that he must not compromise the security of his forces, which means in effect that he must not compromise the "Kansas" line.[58] You will have seen from our WA-3100 of August 14th,† paragraph 5, that at the 23rd session of the armistice talks, Admiral Joy stated that he would be willing to discuss adjustments to the United Nations proposal for a demilitarized zone which could include changes in the demarcation line or changes in the boundaries of the proposed demilitarized zone.

4. Hickerson went on to say that he thought the time might come when it would be advisable for Ridgway to authorize Joy to make a compromise proposal (which might be an intermediate proposal or a final one). This however was a matter of conference tactics. The State Department, which has consulted the Pentagon on the

[58] La Ligne du Kansas divisait la Corée au nord du 38e parallèle jusqu'à la rivière Imjin, qu'elle suit jusqu'à la mer.
The Kansas Line divided Korea north of the 38th parallel until it encountered the Imjin River, which it followed to the sea.

question, does not think that the present is the proper time for presenting a compromise proposal.

5. The adamant front of the Communist delegation has shown some slight sign of weakening, in that they have now at least been brought to discuss the United Nations proposal for demilitarized zone, even if critically. The State Department does not believe that the United Nations side should offer a specific compromise proposal at this time, when the first slight relaxation in the Communist position is beginning to show.

6. If the Kaesong Conference seemed in imminent danger of breaking down, Hickerson agreed that a compromise proposal should be made by the United Nations in an effort to avert collapse of negotiations. Hickerson believes, however, that there is not immediate danger of a breakdown. He asserted that the United Nations negotiators would certainly not terminate the discussions, if that could be avoided, and the State Department concurred in Ridgway's opinion that indications were that the Communists desire the talks to continue. Nam Il has not threatened to discontinue discussions if the Communist proposal is not accepted, but rather that there will be continued deadlock; Pyongyang broadcasts have also been in this vein.

7. Asked if Ridgway might in time present a compromise proposal, even if the Communists did not make the first move by abandoning their insistence on the 38th Parallel as the demarcation line, Hickerson replied in the affirmative. The United States, he said, would not wish to see the negotiations collapse over this issue.

8. It was revealed by Hickerson that the United States government had on August 13th sent a message of encouragement to Ridgway, commending the efforts of his negotiators in difficult circumstances and urging calmness, firmness and continued patience. The message was however critical of the "crisis atmosphere" generated by press reports issuing from Korea and Tokyo and it was requested that efforts be made to have these reports toned down.

9. Hickerson himself discussed the whole question of the Kaesong negotiations in a temperate manner and gave the impression that the attitude of the State Department in this matter is consonant with the message sent to General Ridgway enjoining patience.

143. DEA/50069-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[59]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[59]

TOP SECRET [Ottawa], August 24, 1951

The Chargé d'Affaires in Washington reports in WA-3171 of August 21† that General Ridgway has urged the United States government to impress on governments with forces in Korea the value of making public statements in the near future supporting the Unified Command's contention that the 38th Parallel cannot be accepted as a basis for a demilitarized zone and that a militarily defensible line approximating the present battle line should be accepted by the enemy as a proper and reasonable basis for such a demilitarized zone.

2. You have no doubt seen the recent article by the Alsop brothers in which they suggest that the reason for the present difficulties over an armistice arises from the manner in which the talks were first suggested. They point out that Malik's offer fitted in well with Mr. Acheson's testimony, before the joint committees of the Senate, in which he appeared to support the idea of returning to the *status quo ante bellum*. This was a coincidence which we had already noticed in the Department. Between the time of Mr. Acheson's testimony, however, and the time when the truce talks were initiated, the United Nations forces in Korea made substantial gains north of the 38th Parallel and I think that it would be fair to say that we on the United Nations side have altered, however slightly, the basis on which we are willing to negotiate. That the United States itself has changed its point of view is proved by a footnote which appears in a publication of the Central Intelligence Agency approved July 5 ("Effects of Operations in Korea on the Internal Situation in Communist China") where the following words appear: "If the U.S.S.R. and Communist China do, in effect, desire a cease-fire along the 38th Parallel, they are probably motivated by considerations ... ." I think that this language is in itself evidence that the original intention of the United States in entering negotiations was to achieve a truce along the 38th Parallel rather than north of it.

3. As the Alsop brothers have pointed out, while the amount of territory involved is not large, if the Communists were to concede the present conditions of the negotiators of the Unified Command they would be accepting their first loss of territory since the end of the Second World War. This will certainly be a very difficult thing for them to do. It is a matter of debate whether statements in support of the position of the Unified Command by countries other than the United States would add anything to the bargaining position of Admiral Joy. There is no doubt, however, that a public statement on our part now, strongly supporting a demilitarized zone along the "Kansas Line", would tie our hands if, at a later date when the negotiations

[59] Note marginale :/Marginal note:
This of course precedes the breakdown at Kaesong A.D.P.H[eeney].
(Les négotiations ont échoué le 23 août./Negotiations collapsed on August 23.)

might seem to be on the verge of collapse, we wished to urge upon the United States a return to the original conditions which we all undoubtedly had in mind when Malik made his offer.[60] We might wish to urge a return to the 38th Parallel in a last attempt to keep the negotiations from collapse.

4. If you concur, therefore, I suggest that our best policy would be for the time being not to make a declaration such as General Ridgway desires and at the same time not to go out of our way to tell the State Department that we do not intend to make such declaration.[61] In short, I suggest that we should be glad to see the Unified Command achieve a settlement along the "Kansas Line", but that we should remain free to suggest a settlement on the 38th Parallel if necessary, even though such a line would be more difficult to defend. If he is pressed for a reply, we could instruct the Chargé d'Affaires to answer that no decision has yet been taken.

A.D.P. H[EENEY]

DEA/50069-A-40

144.

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-3367 Washington, September 13, 1951

SECRET. IMPORTANT.

POSSIBLE COURSES OF ACTION IN KOREA

1. A meeting was held this morning at the invitation of the State Department for the purpose of explaining to representatives of the Canadian, Australian, New Zealand and South African Embassies the possible courses of action which were put by Mr. Acheson to Mr. Morrison on September 11th.[62] In the absence of Rusk his Deputy, Livingston Merchant, presided. He began by saying that the meeting had been suggested because in this restricted company fuller information could be given than in the larger regular meetings.

2. He said that, in the unlikely event that an armistice was achieved, the United States adhered to its earlier proposal that the next step should be a political conference to consider a settlement in Korea, which would only proceed to larger causes of tension in the Far East if agreement was reached on Korea. It now looked, however, as though the armistice negotiations would not be resumed, and it was therefore necessary for the governments chiefly concerned to consider what should be

[60] Note marginale :/Marginal note:
I agree L.B.P[earson]
[61] Note marginale :/Marginal note:
Agreed L.B.P[earson]
[62] Voir/See *FRUS*, 1951, Volume VII, pp. 893-899.

done in that event. Ridgway would not himself definitely break off the negotiations, but he was far from hopeful that they would be continued.

3. Spender made the point that if the present deadlock in the discussions continued without any exchanges marking a definite break, it was desirable to develop our views on the length of time which should elapse before the United Nations should consider that there was a *de facto* break and that the discussions were therefore at an end. The last message despatched on September 11th from the enemy command categorically rejected the suggestion for a change of location and repeated in extreme language the earlier charges of violation of the armistice zone. This crossed Ridgway's prompt apology for the one established instance of violation by a United Nations aircraft on September 10th; the apology was sent before a formal protest had been received. Merchant remarked that the Communist reply to this apology might give some evidence of their intentions. Ridgway is completely satisfied that there is no foundation whatever for the long series of earlier charges.

4. Merchant said that military evidence pointed to preparation for a large new Communist offensive. Far East Command estimated that supplies were now available in forward areas sufficient to maintain an offensive by 46 divisions for 26 days, compared with the stockpile before the April offensive of supplies for a two-week offensive. Two Chinese armoured divisions have been positively identified, and one North Korean armoured division has been tentatively identified. This is the first appearance of Chinese armour. They are equipped with T.34 tanks. The strength of the Chinese airforce is now put at 1,255 planes, of which 750, mostly MIG's, are in Manchuria.

5. On military grounds Ridgway has ruled out the possibility of a *de facto* ceasefire, on the ground that the security of his forces would be endangered by it in face of such a formidable enemy. If a breakdown in the negotiations is therefore recognized, it is considered essential that active United Nations operations should continue. Such a breakdown must also be regarded as indicating that the Soviet Government was prepared to incur greater risks.

6. The following counter measures were put to Mr. Morrison by Mr. Acheson as representing the views of the United States Government on the action to be taken when the negotiations are admitted to be broken off:

(a) Ridgway should be released from any restrictions imposed on his ground operations in the area between his present lines and the neck of Korea north of Pyongyang. If United Nations forces were to reach the neck, there would be consultation with the interested governments before they moved further north.

(b) The training and equipping of Korean units should be speeded up to provide some military reserves.

(c) The air force should be free to attack any air targets in North Korea, including the power installations and the Yalu dams, but no violation would be authorized of Manchurian airspace and existing instructions to stay clear of the Siberian frontier would be unchanged. In the event of massive air attack Ridgway's present orders still stood — that there should be no retaliation outside North Korea without prior authorization from Washington, which would only be given after consultation with other governments; the exception also still stands — that if there is a breakdown in

communications Ridgway has authority to protect the safety of his forces in extreme circumstances.

(d) The development of the Japanese police reserve force, now numbering 75,000, should be expedited.

(e) Ridgway should promptly report to the United Nations on the breakdown of the armistice talks. The United Nations should then by resolution reaffirm its position on the aggression in Korea and efforts should be made to secure more troops from members of the United Nations. Furthermore, the United Nations should support a complete economic blockade of China (excluding Port Arthur and Dairen because of the Russian position there). The aim would be to bring about as complete a severance as possible of all commerce with China. I asked whether this meant naval enforcement. Merchant said that it might be agreed that governments unable to exercise effective control of their own shipping, e.g. Panama, would accept naval assistance in preventing ships flying their flag from entering Chinese ports. There would, however, be no naval interference with Soviet or satellite ships, and it was contemplated that the part of the navy would be limited to action against vessels trading in defiance of their own government's instructions.

7. Merchant did not comment on Mr. Morrison's reception of these proposals. We shall report separately on the British reaction, giving information provided by the British Embassy. In general the proposals strike me as being reasonable, except possibly for the economic blockade, which raises many thorny questions. I think it would be advisable to put to the State Department quickly any comments we may wish to offer on the proposals outlined by Merchant.

DEA/50069-A-40

145.

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-3370 Washington, September 13, 1951

SECRET. IMPORTANT.

Reference: WA-3367 of September 13.

POSSIBLE COURSES OF ACTION IN KOREA
(INITIAL UNITED KINGDOM REACTIONS)

1. Later this morning some information on initial British reactions was given to us by Tomlinson, Counsellor on Far Eastern matters at the British Embassy, to the proposals of possible courses of action put forward by Mr. Acheson to Mr. Morrison on September 11. Unless otherwise indicated, the reactions reported were those of Mr. Morrison at this meeting.

2. Commenting on Mr. Acheson's proposals generally, Mr. Morrison said that they obviously contained some new thoughts and that he would have to consult his

colleagues in the British Cabinet before making any commitments. He made the general observation, however, that it was necessary always to keep in mind that the potential dangers from Communist aggression were to be found not only in the Far East but in other areas of the world and that, the United Kingdom Government certainly did not desire to "get bogged down" in a war with Communist China, leaving the field open to Soviet trouble-making in other dangerous areas. He particularly referred to the opportunities for "troublemaking" open to the Soviet Union in the Middle East.

3. Taking up Mr. Acheson's point about a political conference to consider a settlement in Korea in the unlikely event that an armistice was achieved (see paragraph 2 of WA-3367), Mr. Morrison observed that while in the view of the United Kingdom Government such a conference would be desirable, the United Kingdom Government would attach great importance to the possible composition of such a conference. He emphasized that the United Kingdom Government would not favour a conference which would in effect confront the Communist Belligerents by a select group of Belligerents acting in the name of the United Nations on the other side. The United Kingdom Government would favour something more in the nature of a round table conference held under the auspices of the United Nations, recognizing the United Nations to be a universal body open for membership to Communist and non-Communist States alike.

4. The other specific points made by Mr. Morrison referred to the views of the United States Government on action to be taken when negotiations are admitted to be broken off, as set out in paragraph 6 of WA-3367 of September 13.

(a) As to 6(a) on the question of releasing Ridgway from restrictions imposed on ground operations in the area between his present lines and the neck of Korea north of Pyongyang, Mr. Morrison noted that the United Kingdom Chiefs of Staff still believe that the best line of defence is the "Kansas" line but agree that Ridgway should be given leeway to make tactical advances up to the waist or neck of Korea. No advance beyond the neck of Korea north of Pyongyang, however, should be permitted to Ridgway without prior consultation between governments which have contributed forces to the United Nations command.

(b) As to 6(b), the United Kingdom agree that the training and equipping of Republic of Korea units should be speeded up.

(c) As to 6(c) on the question of permitting the air force to attack any air targets in North Korea, including the power installations and Yalu Dams, Mr. Morrison reserved the United Kingdom position. Tomlinson observed, however, that the United Kingdom Government would probably agree to this while stressing the importance of avoiding any violations of the Manchurian and Siberian frontiers. On the question of retaliation in the event of massive air attack, Tomlinson noted that the views of the United States Government as stated by Mr. Acheson did not appear to represent any change from the present agreed position on this point.

(d) As to 6(d) on the development of the Japanese reserve police force, Mr. Morrison observed that anything that might be regarded as a precipitate general rearming of Japan would give rise to political complexities and would have to be carefully considered. He admitted, however, the necessity of expediting the devel-

opment of the police reserve force in limited numbers for purely home defence purposes. We took Mr. Morrison's reservation to apply to the three or four combat divisions which have been mentioned by the United States Government as a possible target in the re-establishment of a regular army.

(e) As regards 6(e), Mr. Morrison agreed that Ridgway should promptly report to the United Nations on the breakdown of the armistice talks, should this eventuality occur. The United Kingdom Government would see no objection to the United Nations reaffirming its position on aggression and urging members to supply more troops to the United Nations command. On the proposal however that the United Nations should be asked to support a complete economic blockade of China (excluding Port Arthur and Dairen), Mr. Morrison displayed "a marked lack of enthusiasm". He recalled that the United Kingdom Government had looked into the question thoroughly before and could not agree that there would be substantial advantages from trying to impose a complete economic blockade. Such efforts would not substantially affect the economy of China and would serve to cement further Sino-Russian relations. However, he undertook to report the United States views to the British Cabinet and to consider the question further. As to the question of naval enforcement, Tomlinson's understanding of the United States proposals are as given in 6(e) of my message under reference.

DEA/50069-A-40

146.

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-1884

Ottawa, September 27, 1951

TOP SECRET

Repeat London No. 1739; Permdel No. 572.
Reference: Your messages 3367 and 3370 of Sept. 13.

POSSIBLE COURSES OF ACTION IN KOREA

The following are my views on the proposals Mr. Acheson made to Mr. Morrison for dealing with the situation if the outcome of negotiations for a truce is adverse. I have taken into account the clarification contained in your message WA-3475 of Sept. 24.†

(a) Suggestion that General Ridgway should be released from any restrictions imposed on his ground operations in the area between the present battleline and the neck of Korea north of Pyongyang. The Canadian government would wish to take a position nearer to the United Kingdom's than to Mr. Acheson's. If General Ridgway is free to plan a strategic advance from the Kansas line to the northern neck of Korea, there are both military and political complications. On the military side as the UK Chiefs of Staff have pointed out, the present position is preferable because

it is backed by the Kansas line of fortifications whereas any position seized near the neck would not have this strong line immediately behind it upon which the allied troops could fall back if need be. Communications are more difficult for the Chinese the farther south in the peninsula the fighting takes place. A planned advance to the neck would cause more casualties than action to hold the present line and rely upon aerial attack unless the advance followed a collapse of Chinese resistance. An advance to the neck would also increase the security problem facing the allies. The Chinese will suffer more casualties if they attack the allied forces in the neighbourhood of the Kansas line than if the allies should make an advance to the neck. On the political side, as soon as the allied forces had reached the northern neck they would again be presented with the problem of what to do next and this problem would arise before the enemy commanders would have had time to decide that continuation of the fighting is less profitable than a negotiated truce. The enemy political leaders would also be convinced that allied motives are less innocent than we say they are. On the other hand, in the absence of a negotiated truce providing for satisfactory machinery to ensure that the enemy are not merely building up for a new offensive, General Ridgway cannot well be denied the right to protect his forces by making short tactical advances. The sum total of these short advances might well, over a period of time, amount to a creeping advance to the neck of Korea, but in that case the enemy would have full opportunity to decide that a negotiated truce would be worth the price we ask.

(b) The Canadian government could have no objection to the suggestion for speeding up the training and equipping of South Korean units to provide military reserves.

(c) The proposal that the air forces be free to attack the Yalu dams and power stations is on the face of it a disagreeable one. The risk of extending the action to Chinese territory is extreme and the possibility of provoking Chinese retaliation against Japan cannot be discarded. On the other hand, it can be argued that to impose an embargo on all other strategic materials to China while leaving important electrical resources to flow into the country is illogical. It will in consequence probably be necessary for Canada to accept this United States proposal to take advantage of the opportunity of hampering Chinese industry in Manchuria.

(d) There can be no objection to the proposal to develop the Japanese police reserve provided it is understood that such development should not be forced upon the government of Japan and provided that it is understood, as it appears to be, that these forces should not be used in Korea.

(e) We readily accept the suggestion that if the negotiations are broken off General Ridgway should report that fact promptly and that the United Nations, if the majority so wish, should re-affirm their position on aggression in Korea. Partly because we would probably be unable to supply more troops at the present time and partly because it is desirable that some states in the United Nations should learn the responsibility attaching to their membership, we should wish to suggest that any plea for additional troops be addressed in the first instance to those states who have supported action in Korea but have so far failed to contribute troops. Such an appeal should be certainly precede an appeal for more men to the countries who

have already provided troops. We share Mr. Morrison's doubts that there would be substantial advantages from trying to impose a complete economic embargo against China. Not only would this tend to make China more dependent upon the Soviet Union but in addition it places a further strain on the alliance formed by the countries resisting aggression in Korea. It helps still further to sub-divide this latter group by creating a category of countries which believe in strategic embargo but not in total embargo. The members of the alliance are placed in the position of having to oppose the United States openly or to knuckle under and accept United States domination as gracefully as they may. I am glad to learn that the United States is convinced of the impracticability of a naval blockade of the China coast. We should of course raise no objection to a system under which countries which are unable to enforce their own restrictions on their own ships can have countries with larger navies do this for them but we would not be willing to see a system set up which would allow the naval vessels of one ally to interfere with the merchant vessels of another ally without the consent of the latter.

2. There are two further points on which I should like to comment as a result of seeing the United Kingdom version of the Morrison-Acheson conversations. I noted that Mr. Morrison did not comment on the suggestion that the allied air forces in Korea should be free to bomb Rashin as necessary. As the air forces are in fact doing this at present in any case, and as General Ridgway has shown great moderation in his conduct of the war we hope to let this pass without comment. Secondly, as reported in the United Kingdom telegram† (paragraph 5(VIII)) there appears to be a difference in understanding between Mr. Acheson and ourselves about General Ridgway's instructions on bombing military targets in China. It is possible that this difference arises from an endeavour to keep the telegram as short as possible and that Mr. Acheson may in fact in his conversations have included all the reservations which we understand to be on General Ridgway's freedom in this respect. It is our understanding that General Ridgway is under instructions not to bomb bases in China or to follow enemy aircraft across the Chinese frontier without prior authorization from Washington. It is further our understanding that such authorization from Washington will be given only after consultation with the other countries having troops in Korea if time permits such consultation. We understand that if communications between Tokyo and Washington break down completely General Ridgway will be able to authorize such action on his own authority for the protection of the safety of his command.

3. In conveying these comments to the State Department you should endeavour to leave the impression that we have confidence in the intentions of the United States Administration and in General Ridgway's moderation and caution in his conduct of the action to resist aggression in Korea. The reason I have felt it necessary to make the foregoing restrictive comments is that unfortunately I cannot have the same confidence in the moderation of Congressional opinion. It may even be of some slight assistance to the Administration to be able to rely upon the opinion of its allies in trying to urge moderation upon Congress.

147. 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-3571 Washington, October 2, 1951

TOP SECRET. IMPORTANT.

Reference: Your EX-1884 of September 27th.

POSSIBLE COURSES OF ACTION IN KOREA

1. I passed on the contents of this message to Messrs. Rusk and Adams at the State Department yesterday afternoon.

2. Our discussion was chiefly concerned with the proposal that if the armistice talks break down General Ridgway should be freed from any restrictions on his ground operations as far north as the neck of Korea. Rusk said that he did not know what plans had been prepared by the United Nations Command, but he was sure that Ridgway was fully aware of the political and the military difficulties mentioned in your message, which would arise in case a strategic advance were undertaken to the neck of Korea. Rusk indeed mentioned several additional military difficulties: First, a general United Nations forward movement could not be undertaken without substantial reinforcements; secondly, if it succeeded, a United Nations air action against enemy communications would be gravely impeded through the shortening of the enemy lines; thirdly, if it succeeded, a United Nations communications would run through miles of difficult country methodically devastated for many months by our own bombing; fourthly, if it succeeded, the forward lines would be within easy operations range of jet fighters based in Manchuria.

3. He said that the central object of the United Nations Command continued to be to cripple the enemy forces, not to capture Korean real estate. If the enemy were to attempt, without success, another large offensive, this might be the best way of attaining the object. If they did not do so, the present tactical pattern of creeping United Nations advances, with the capture of one ridge making desirable the capture of the next ridge, would presumably continue. There might be also opportunities for amphibious operations, although anything on the scale of the Inchon landing would be out of the question without a large number of new troops. The idea is that the United Nations command should be free to operate up to the waist without political strings. When General Bradley and Bohlen return from Korea, we may be able to get additional information.

4. As to possible air action against the Yalu dams and power stations, Rusk pointed out that rail and road bridges over the Yalu have for long been a standard target, and the risk of inadvertent bombing on the wrong side of the river would not be greatly increased by adding as targets the dams and power houses. The restric-

tions on bombing close to the Soviet frontier are still in effect, although Rashin has been placed in bounds.

5. This led to a discussion of the marked increase in enemy air activity, which Mr. Acheson told me on Sunday was causing him great concern. Rusk said that the nature of the activity had not changed as yet, as it remained defensive in character and was designed to impede bombing of the road and rail communications in north-eastern Korea whereby supplies reach the enemy front. More enemy planes were now being used, and the jet battles with them extended further south than hitherto, centering more around Siniuju than Sinanju.

6. With regard to the current restrictions on Ridgway's air operations, Rusk confirmed that these conformed with the statement at the end of paragraph 2 of your EX-1884, with one addition which we have previously reported on several occasions. This is that Ridgway has authority, as a last resort to protect the safety of his command, to order retaliation outside Korean territory in the event of a massive air attack. He has orders, however, that he is to secure fresh authority from Washington if this is at all possible. Rusk commented that he was sure that Ridgway would do his best to consult Washington, and added that special arrangements had been laid on for instant consultation between the Defense and State Departments in event of a massive air attack, and also for consultation between the State Department and the embassies of countries with forces in Korea. The expanded enemy air activity naturally increases the concern that a "massive air attack" might be unleashed against United Nations ground forces, ships and communications as part of a new offensive.

7. With regard to United Nations action Rusk recognized the force of our argument that if an appeal were to be made for further troops it should in the first instance be addressed to co-operating governments which have not provided any forces. He confirmed that the proposal for tight restrictions on trade with China did not contemplate a naval blockade, but did contemplate the sort of policing action described in my WA-3474 of September 24th.† The general aim would be to tighten the screws on China by making it more difficult for ships to enter Chinese ports. He appeared to appreciate our argument that the imposition of a complete economic embargo might well add to the strains within the alliance against aggression in Korea.

8. As to the armistice negotiations, Rusk read me a message just received from Ridgway in which he said that he did not propose to insist that the site of the talks must be moved from Kaesong. If the enemy would not accept his suggestion to remove to another site a few miles away — a suggestion which has not been answered yet — he might propose that the negotiations should be renewed at any point between the lines which they might choose to designate. Ridgway remains determined to avoid responsibility for a definite break if one occurs.

148. 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

SECRET [Ottawa], October 12, 1951

Attached is a copy of CRO telegram W No. 217 of October 3, 1951,† concerning the views of the Foreign Office on an article entitled "War and Peace in Korea" in the London *Times* of October 1.

2. The *Times* has argued among other things that "the best hope of success in the truce talks lies in the United Nations proclaiming its willingness to accept a political settlement based on the 38th parallel once the Communists have agreed to an armistice on the present military line". The Foreign Office is afraid that the article may be wrongly interpreted as representing the policy of the United Kingdom Government on Korea and it sets out what in fact is the real position of the government on this issue. On the particular point quoted it supports General Ridgway's insistence on the present battleline as the demarcation line between the opposing forces and says that this line "would then be retained as a temporary frontier between North and South Korea until a broad political settlement can be reached".

3. I think that the most important thing about this telegram for us is the clear indication it gives of the United Kingdom Government's full support for General Ridgway's present stand on the question of the cease-fire line. In view of the agreement of the United States and the United Kingdom on this issue it would seem only realistic for us to adopt the same attitude.[63]

A.D.P. H[EENEY]

149. DEA/50069-A-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 27 Ottawa, November 9, 1951

SECRET. IMPORTANT.

Repeat Washington EX-2177; London No. 2014.

[63] Note marginale :/Marginal note:
I agree L.B.P[earson]

THE KOREAN TRUCE TALKS

Following for the Minister from Reid, Begins: In telegram WA-3916 of November 7† (copy of which is leaving by air courier November 9), Wrong states that, because the large attendance at the State Department meetings on Korea may make it difficult for the United States officials to talk freely about the Kaesong dispute, he is thinking of arranging a private meeting shortly with Rusk, Hickerson, or some other appropriate officer, to discuss the present situation of the armistice talks but before doing so he would welcome our views.

2. The situation as reported in the most recent State Department meeting is that both sides are agreed on the width of the demilitarized zone and on the principle that the demarcation line should be based on the line of contact of the opposing forces. However, the Communists are demanding that the demarcation line should be based on the present line of contact whereas the United Nations negotiators argue that it should be based on the line of contact at the time of signing of an armistice. Recent Associated Press reports indicate the Communists may be weakening in their demand.

3. If they give in on this point the main question to be settled concerns possession of Kaesong. The United Nations' suggestion to place it in the demilitarized zone has been rejected by the Communists who continue to insist that the city must be controlled by them. United Nations side remains firmly opposed to this because of the military importance of the Kaesong area.

4. It seems to me that if Kaesong is the sole stumbling block the United Nations should give in, especially since nearly all the concessions hitherto on the cease-fire line have been made by the Communists.

5. You may wish to discuss this problem with the British and with Mr. Acheson before authorizing a reply to Wrong. Ends.

150. DEA/50069-A-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 25 Paris, November 12, 1951

SECRET

Reference: Your telegram No. 27, November 9th.

KOREAN TRUCE TALKS

Following for Reid from the Minister, Begins: I have had a talk here with Jessup about this. It was somewhat inconclusive, except that he reiterated very emphatically that the United States authorities, both in Washington and in the Far East, sincerely desired the above talks to succeed, and an armistice to be negotiated. I think it would be useful if you could ask Wrong to discuss the matter with Rusk,

along the lines of your telegram. I will have a word with Eden and Acheson here at the first opportunity. Meanwhile you might send the message to Wrong. Ends.[64]

151. 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-2194 Ottawa, November 13, 1951

SECRET

Reference your WA 3951 of November 9.†

KOREAN TRUCE TALKS

Following from Under-Secretary, Begins: We are particularly interested in paragraph 8 of your teletype. We, of course, share the concern expressed at the meeting over the hitch which has developed in the matter of the demarcation line. We understand the anxiety of the Unified Command that a firm settlement now of the demarcation line might result in a lessening of military pressure upon the Communists to reach agreement on all items on the armistice agenda. We can also understand that the effects on the morale of the United Nations troops might be serious if any ground they gained from now on in the fighting would have to be given up once an armistice were concluded.

2. We are most interested in the fact that the Unified Command is now tentatively considering the possibility of proposing a time limit for discussing all other items of the agenda. We interpret this to mean that the Unified Command would propose to the Communists that if an armistice agreement is reached before the end of X days the demarcation line and the demilitarized zone would be based on the existing line of contact. It seems to us that this is a fruitful suggestion. It has very great political advantages and unless these advantages are outweighed by military disadvantages, we hope it can be pursued. You might tell Hickerson this.

[64] Note marginale :/Marginal note:
Mr. Ronning, See Minister's request & draft message to Wrong please A.D.P.H[eeney] Nov 13

152. DEA/50069-A-40

Extrait d'un télégramme de l'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-3971 Washington, November 13, 1951

SECRET

Repeat Permdel No. 489.

KOREA — STATE DEPARTMENT MEETING OF NOVEMBER 13TH

1. There has been no change from the situation as outlined in our message WA-3951 of November 9th.† At the sub-delegation meetings held from the 9th to the 12th inclusive, both sides maintained their respective positions with regard to the determination of the military demarcation line. The United Nations sub-delegation's impression that the Communists would regard agreement on the location of the demarcation line now as a *de facto* cease fire is strengthened by the fact that part of the Communist suggestion is that liaison officers should proceed at once to mark out an agreed demarcation line in the field, while other items of the agenda are being discussed.

2. We informed Hickerson of the views expressed in your EX-2194 of November 13th and he appeared to be gratified. He said that serious consideration was being given to the possibility of making some new suggestion to break the impasse, such as that of a time limit for discussing all other items of the agenda. He confirmed your understanding that, if this were done, it would mean that the Unified Command would propose to the Communists that, if an armistice agreement is reached before the end of a certain number of days, the demarcation line and the demilitarized zone would be based on the existing line of contact. Hickerson said that, if the present deadlock continues, he would hope that there might be a development of this sort within the next day or so. He observed that the United Nations and Communist positions were sufficiently close that the Unified Command would expect to see continuance of efforts at progress towards an armistice, if there is any reasonable way of guarding against stalling by the Communists during the remainder of the negotiations.

. . .

153. DEA/50069-A-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 37 Ottawa, November 14, 1951

Repeat London No. 2050; Washington EX-2209.
Reference: Your telegram No. 25 of November 12.

KOREAN TRUCE TALKS

Following for the Minister from Under-Secretary, Begins: Your telegram under reference has been transmitted to Wrong to authorize him to go ahead with talks concerning Kaesong.

2. Meantime, he has reported in his message WA-3951 of November 9,† which is going to you by bag, that the deadlock over the degree of definiteness with which the cease-fire line should be agreed upon continues. A Communist proposal to agree on a fixed line now subject to alteration at the time of signing the armistice was rejected by the United Nations negotiators because the Communists would have a veto over any proposed changes and would not be required to accept alterations no matter how reasonable those alterations might be. Hickerson referred again to the serious problem which the United Nations commanders would have with the morale of their men if United Nations troops should have to advance over ground which they now were committed to give up. He also said that the United Nations sub-delegation had the "impression" that it was implicit in the Communist proposal that there should be a cessation of fighting when the question of a demarcation line and a demilitarized zone had been agreed upon and before a settlement of other items on the agenda.

3. Replying to expressions of concern over the hitch which has developed in the matter of the demarcation line, Hickerson said that the Unified Command and the State Department have been giving serious thought to the problem and to what might be the way out. Since the Unified Command has anxiety that the firm settlement of the demarcation line and the demilitarized zone now might result in a lessening of military pressure upon the Communists to reach agreement on all items in the armistice agenda, a possibility now tentatively being considered is to propose a time limit for discussion of other items of the agenda.

4. The suggestion for a time limit seemed to present an equitable solution and I have, therefore, sent Wrong a message, the text of which is contained in my immediately following telegram.† Ends.

DEA/50069-A-40

154.

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-4061

Washington, November 23, 1951

Repeat Permdel No. 506.

KOREA

1. Following is text of the agreement on designating the cease-fire line concluded on November 23 by subdelegations Panmunjom:

Quote. 1. The principle is accepted that the actual line of contact between both sides (as determined under either paragraph two or three, as appropriate) will be made the military demarcation line and that at the time specified in the signed Armistice Agreement both sides will withdraw two kilometers from the line so as to establish the demilitarized zone for the duration of the military armistice.

2. If the Military Armistice Agreement is signed within 30 days after the two delegations approve in the plenary session this agreement and the specific location of the military demarcation line and demilitarized zone, determined by the subdelegations on the basis of the above stated principle and in accordance with the present line of contact as indicated in the attached map and explanatory notes, the military demarcation line and demilitarized zone shall not be changed, regardless of whatever changes may occur in the actual line of contact between both sides.

3. In view of the fact that hostilities will continue until the signing of the Armistice Agreement, if the Military Armistice Agreement is not signed within 30 days after the two delegations approve in the plenary session this agreement and the specific location of the military demarcation line and the demilitarized zone as determined in paragraph two above, the subdelegations shall revise, immediately prior to the signing of the Military Armistice Agreement, the above military demarcation line and the demilitarized zone in accordance with the changes which have occurred in the actual line of contact between both sides so that the revised military demarcation line will coincide exactly with the line of contact between both sides immediately prior to the signing of the Military Armistice Agreement and will constitute the military demarcation line for the duration of the military armistice. Unquote.

2. My immediately following teletype† refers.

155. DEA/50069-A-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 95 Ottawa, December 1, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 2149; Washington EX-2308.
Following is text of telegram Circular Y. No. 668 of November 30, 1951 from the Secretary of State for Commonwealth Relations, London, Begins: Korea.

Repeated Delhi, Karachi and Colombo.
My immediately preceding telegram.†
Following is text of telegram to Rome, Begins: Your telegrams Nos. 653 and 654.

Please arrange to convey communication in following terms as soon as possible to Acheson, if available, or failing him, Lovett and Bradley.

2. I have discussed with my colleagues the suggestions made at our meeting in Rome on the evening of 28th November about the next steps in the Korean armistice talks. We are most grateful to Mr. Acheson and his colleagues for taking us into their confidence as they did and we are most anxious to keep in very close touch on this matter.

3. We think that the United Nations negotiators should continue to press for the most effective possible supervision arrangements. They might try for joint inspection teams at key points or failing this for supervision teams led by neutrals (e.g. Scandinavians). We realize however that it may prove impossible to get any satisfactory arrangements and that if the talks are not to be allowed to break down Ridgway may have to proceed on the assumption that the Communists are acting in good faith. In that event we agree that on conclusion of an armistice he should report back to the United Nations that it has not been possible to agree on what he considers adequate supervision arrangements, but that in order to bring hostilities to an end he has accepted arrangements, the effectiveness of which depend entirely on the *bona fides* of the other side.

4. We agree that in that event warning statements should be issued about the very serious consequences which would arise from a major breach of the armistice arrangements by the Communists. I do not consider that the warnings should be made only by the United States and United Kingdom nor do I think that a collective statement by the United Nations would be practicable. It seems to me that the statements should be made by the United States, United Kingdom and as many as possible of the countries contributing forces. These warning statements should be in very general terms and in our view should if possible be identical. It would be unwise to be precise about the nature of the counter action which we should feel obliged to take but we might for example say that in the event of such a major

breach it might prove impossible to localise hostilities as hitherto. We should of course like to discuss the draft.

5. We agree that such a major breach of the armistice agreement would confront us with an entirely new situation which might well necessitate more drastic measures on the part of the United Nations forces but we do not think we should at this stage commit ourselves as to what precise measures should be taken.

6. Our preliminary views on the two measures mentioned by the Americans are:

(a) *Naval blockade of China.* China is not dependent to any real extent upon seaborne imports for the maintenance of her present war effort in Korea and in the short term this war effort could be maintained in the face of a sea blockade as a combination of the overland supplies from the U.S.S.R. and the production of China's own war industry. Admiralty do not feel that a sea blockade would produce effective results except over years rather than months. They also feel that unless the Soviet ports were included it would be futile. This last point has to my mind raised the gravest issue as it would be direct hostile (corrupt group) against the Soviet Union which is exactly what we are both so anxious to avoid. Therefore we are not at all convinced that a sea blockade would be a useful measure.

(b) *Bombing north of the Yalu.* Neither are our staffs sure that decisive results would follow from the bombing of the Chinese airfields and bases and junctions across the Yalu. However we would much rather proceed in this way than by the sea blockade. It is here to be noted that munitions sent through Soviet ports might be intercepted in this way.

7. We would like the United States and United Kingdom Chiefs of Staff to discuss these matters in detail between them and our people over with you are fully briefed on the details.

8. We are sending you shortly a note† on trade with China. Our information is somewhat different from yours.

9. I know you will understand that we must inform Canada, Australia, New Zealand and South Africa of these exchanges. Ends.

Ends.

156. DEA/50069-A-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 96 Ottawa, December 1, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 2150; Washington EX-2309.
Following is text of telegram Circular Y. No. 664 of November 29, 1951 from The Secretary of State for Commonwealth Relations, London, Begins: Korea.

My immediately preceding telegram.†
Following is text of Rome telegram No. 653 of 29th November, Begins: Following for Prime Minister from Secretary of State.

Mr. Acheson asked to see me this evening (November 28th) about Korea. The meeting was attended on his side by Lovett, Bradley and Pace and I was accompanied by the Secretary of State for Air, C.A.S., V.C.I.G.S. and Sir William Elliot.

2. Acheson said that since agreement had now been reached on Item 2 of the armistice negotiations (the line for the cease-fire) the negotiators would now have to deal with Item 3 (the question of supervision). On this the American view had originally been that they should hold out for a very strict and complete system of inspection. They had now reached the conclusion that there was little prospect of persuading the Communists to agree to supervision strict enough fully to safeguard the security of the United Nations forces. It was not in the character of a Communist regime to accept inspection on the scale which would be necessary. The Americans therefore considered that it might be necessary to reduce our demand in this respect and the security of the United Nations forces would then demand some other form of safeguard. They had in mind to make a statement if an armistice were agreed upon to the effect that a breach of that armistice by the Communist forces would be a very serious matter and would make impossible the localisation of the subsequent conflict. In Mr. Acheson's words we should make it clear that if the Communists broke the armistice "we should have to go after them". In Berlin we were secured against attack not by the forces at our command but by the knowledge that if our forces were attacked this would be regarded as an attack upon the North Atlantic Treaty Allies. In Korea if an armistice were agreed upon we should want to reduce our troops there. But having regard to the ability of the Chinese to reinforce in Manchuria and North Korea we could only do this if we could command an effective deterrent. If the arrangements for inspection were inadequate to guarantee us against a Communist build-up in North Korea we could only be safeguarded by a knowledge on the part of the Communists that "if they jump on us they will be for it".

3. General Bradley said that there were five possible degrees of inspection:

(a) Completely adequate inspection;

(b) Inspection by teams at key points of entry and rail centres;

(c) Area inspection by joint teams;

(d) Inspection within a limited area say twenty-five miles back from the demarcation (group undecypherable);

(e) Inspection within the demilitarised zone (four km. back from the line).

The last two would be quite inadequate since the Communists could build up an aggressive potential twenty-five miles back and without the present methods of interdiction they could develop effective rail communications and airfields in Korea for a powerful offensive thrust. Even with complete inspection facilities throughout North Korea our forces would not be safe for two reasons; first because an air threat could be developed north of the Yalu River and second because we could not demand that the rail communications in North Korea remain in the state

of disruption to which our present air offensive had brought them. We had constantly forced the powerful Chinese offensive forces back on to their heels by our interdiction methods and once these were stopped there would be nothing to prevent them from building up a great offensive strength.

4. We were therefore faced with a choice of two courses. Either we must insist on the fullest measure of inspection (and even this as General Bradley had explained would not be 100 per cent effective) or we must admit that the Communists would never agree to such methods — if so we must adopt a policy of taking their good intentions to a certain extent on trust and let it be known that if they should violate the armistice "no holds would be barred". By this he had in mind a blockade of China and the bombing of bases in Manchuria and China.

5. In reply to my questions Lovett and Bradley repeated that it could not (repeat not) be part of the armistice terms that the Communists must refrain from repairing the rail communications and airfields in North Korea.

6. Mr. Acheson then said that General Ridgway should of course begin on Item 3 by trying to obtain the greatest possible measure of inspection. If he could get a degree of inspection which he regarded as adequate for the security of his forces well and good. If however he was obliged to retreat from this position (which he would certainly do slowly) he would want to know whether there was any alternative assurance of security. He ought to be given confidentially the assurance that it would be made plain to the Communists after the armistice had been concluded that treachery on their part would involve the serious consequences described above.

7. I asked whether it was suggested that these serious consequences would follow minor infringements of the armistice terms. Mr. Acheson replied this was certainly not his idea. The situation would arise only in case of "a major attack on the forces of the United Nations". General Bradley confirmed this. Nor did he mean that any announcement of this kind should be made while the armistice negotiations were in progress; all that was necessary in that period was that General Ridgway should know that he could accept a lesser degree of inspection than he would otherwise require because of the intention to issue (group undecypherable) warning which he had in mind.

8. In further discussion the Americans admitted that the need for a warning of this kind might continue for a very long time. On the other hand once an armistice was signed the likelihood would be that the danger of a violation would fade away. The longer the armistice was in force the more difficult politically would it be for the Communists to renew the war. General Bradley said that in his opinion the Communists would be unlikely to violate the armistice; they had suffered enough in the Korean war and he did not think they would want to begin fighting again at least until the disparity of force in the area had become a very great temptation. Mr. Acheson said that what was required was to make it clear to the Chinese that a renewal of fighting after the armistice this time would be far more serious than their incursion into the Korean war in 1950 and that it could in fact "be the trigger".

9. I asked what the Americans wanted us to do and how soon they wanted decisions from us. I assumed that the first thing needed was some guidance to General Ridgway as to how he should proceed if he was held up in the negotiations over supervision. They replied that this item would probably come up within the next two or three days and that there might be three or four days sparring round the subject after which the moment for decision would arrive. I said that I would talk the matter over with you and let Acheson have our views at the earliest possible moment. He thanked me and said that he was certainly not expecting an answer from me today.

10. In pursuing the matter further I said that it seemed to me there were three stages (a) the advice we should give confidentially to General Ridgway (b) the statement we should make after the armistice was concluded; and (c) the agreement we require to reach among ourselves as to precisely what measures we would contemplate taking in the event of the warning being ignored and an attack being made on our troops.

Mr. Acheson agreed. As regards the statement he thought that we ought to be able to find some formula based on what had been said in the case of Berlin i.e. that an attack on the United Nations forces in Korea would be regarded as an attack on the Nations participating. He was doubtful however whether it would be possible to bring the United Nations into it. Nor did he think that the statement should specify in any way what action would follow a breach of the armistice; it should rather be a general statement designed to make the Chinese Government and people conscious of the grave consequences of any treachery. There could be no time limitation placed upon it nor should it involve us in any unlimited future commitment.

11. As regards stage three the Americans repeated in reply to my questions that a blockade of China should be a part of the action. The number of ships entering Chinese ports had doubled in the past year and such measure would undoubtedly hit the Chinese very hard. I said that I doubted the wisdom and efficacy of such methods. The Americans added that bombing attacks beyond the Yalu would also undoubtedly be necessary. When asked whether this meant simply bombing the airfields from which Communist aircraft were now operating just north of the river the Americans said that it certainly meant much more than this. No mention was made of atomic attacks.

12. I thanked them for consulting us in this way and said that I assumed they would continue to consult us on the lines already agreed between us.

13. Mr. Acheson said he would be in Rome until Monday. I said that I would try to send the comments of His Majesty's Government on these matters on Friday.
Ends.

Ends.

DEA/50069-A-40

157.

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 97 Ottawa, December 1, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 2151; Washington EX-2310.
Following is text of telegram Circular Y. No. 665 of November 29, 1951 from The Secretary of State for Commonwealth Relations, London, Begins:
My immediately preceding telegram.
Following is text of Rome telegram No. 654 of 29th November, Begins: Following for Prime Minister from Secretary of State. Korea.

Conversation with Acheson, Lovett, Bradley and Pace recorded in my immediately preceding telegram has left me with following impressions.

2. The Americans want an armistice and are prepared, in order to get it, to accept arrangements for supervision which they fear will be unsatisfactory. But they feel bound to take precautions against infringement of the armistice in the form of a major attack by the Communists which they might not be able to foresee owing to inadequate supervision arrangements. Even so, like us, they doubt whether the Communists will break the armistice since they believe that the Chinese have had enough.

3. Finally the Americans left me in no doubt that the United States would rise in its wrath if there was a major attack. They clearly feel that the American administration could not hold the position against the clamour of public opinion.

4. I promised Acheson that I would let him and his colleagues know our considered views as soon as possible. What they seek is to assure Ridgway that if he cannot get satisfactory terms on supervision he is to work for an armistice nonetheless keeping at the back of his mind that if the Communists broke the armistice by a major attack drastic measures against China would be taken. We also need to give United States Government in the near future our reaction to the proposal that immediately after the conclusion of an armistice there should be an announcement in general terms of the serious consequences which must flow from a major infringement.

5. Meantime I suggest that Chiefs of Staff might be instructed to examine and report (a) on the actions that would be desirable (if the occasion should arise) against the Communist air force and their bases north of the Yalu and (b) on the implications of naval blockade. Ends.

Ends.

158. DEA/50069-A-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 126 Paris, December 3, 1951

TOP SECRET

Reference: Your telegrams Nos. 95, 96 and 97.

KOREA

I have read these with much interest and some anxiety. Mr. Eden had told us in Rome that Acheson had talked to him about Korea along the lines of the Commonwealth Relations Office messages. I was somewhat worried, after a talk Eden had had with Heeney about the meeting, lest Acheson felt that in talking to Eden he was passing on the information in question not only to the United Kingdom but the Commonwealth. I was also somewhat surprised that Acheson, in discussing Korean matters, which are of especial interest to Canada, did not include us in the discussion so that we could get the United States views first-hand. I think it would be desirable that our Ambassador in Washington should let the Americans know that we expect direct consultation on a matter of this kind, which is of such immediate importance to us. Otherwise, we may find that the United Kingdom and the United States have agreed on a course of action, and even on a form of announcement, which we will be asked to accept unaltered; or without sufficient time to make our views known.

2. The issues involved in the proposed United States procedure are, of course, very far-reaching, and deserve the most careful consideration by every government concerned. I am not now commenting on the American suggestions themselves, but am merely indicating my anxiety lest, in the absence of direct information from Washington, we may be confronted with decisions reached in London and Washington and which we will be expected to accept unaltered.

3. It may well be, of course, that Acheson expects the United Kingdom to take these matters up with other Commonwealth countries. But this, of course, is not nearly so satisfactory as direct discussions both with Washington and London, and I think that Washington should be informed of that fact.

4. I will, of course, have a chance to talk about these matters with Eden and Ismay when I reach London. Meanwhile, I thought you should have my preliminary reaction to the messages in question.

DEA/50069-A-40

159.

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 130 Paris, December 3, 1951

TOP SECRET. IMMEDIATE.

Reference: My telegram No. 126 of December 3.

KOREA

I suggest that something along the following lines be sent immediately to Wrong for purposes of discussion with the State Department. It represents my preliminary thoughts on the problem raised by Mr. Acheson in Rome. While our views should be made known to the Americans, it might be left to Wrong's discretion as to how he presents them, Begins:

2. I realize that the formula which the United States is seeking to meet any serious breach of the armistice, is important. The United States willingness to allow Ridgway to accept less than 100 percent inspection is commendable and realistic. I am somewhat encouraged in addition by Bradley's assessment that the Communists may have had enough. My worry is, however, that insufficient attention may be given to the possibility of a major war in the desire to bring about a speedy armistice without insisting on adequate inspection.

3. It is not too clear from the telegrams we have received whether General Ridgway would be given freedom to reopen unlimited hostilities only if the Communists made a major attack on United Nations forces or whether he would be free to do so if the build-up of Chinese forces behind the lines were sufficiently dangerous in his opinion to jeopardize his military position. You might seek clarification on this.

4. I agree that the immediate problem seems to break down into the stages suggested by Mr. Eden in paragraph 10 of telegram No. 96 of December 1st (EX-2309 to Washington). The first stage, instructions to General Ridgway, will set the pattern for what follows. For that reason, some use should be made of the arrangements which exist in Washington for liaison with governments which have troops in Korea. The necessity of immediate instructions is obvious, but the time element scarcely counterbalances the gravity of the decision to be taken. My preliminary thought on the specific question of inspection is that every effort should be made to get the Communists at least to accept inspection teams led by *bona fide* "neutrals". Representatives of the Scandinavian countries or of India might be acceptable.

5. The second stage, the declaration to be made at the conclusion of the armistice, offers difficulties of both form and substance. I am not clear whether the United States envisages a single United States declaration, a United States-United Kingdom declaration, or a United States-Commonwealth declaration. I am not convinced, in spite of what appears to be the United States view, that the United

Nations could not be associated more directly with some such declaration. I see merit in the United Kingdom suggestion contained in paragraph 3 of telegram No. 95 of December 2 (EX-2308 to Washington). Such a report by Ridgway might lead to the adoption of a resolution by the General Assembly, noting with satisfaction the report and agreeing that any breach of the armistice would involve very serious consequences for those responsible for such a breach. It seems highly desirable to associate the United Nations with the settlement phase of the Korean war, when such an effort has always been made to associate it with the action in Korea. I attach as you know great importance to maintaining the United Nations character of the operations in Korea.

6. In considering the idea of a declaration along the lines suggested by the United States, I am not completely convinced that it would be the best way to achieve what is required. It makes sense to leave the Chinese in no doubt as to the consequences of a breach of the armistice. Yet such a formal statement as I gather the United States would wish to make may be unnecessarily (provoking?) an already high-developed Chinese sensitivity. It seems to me worth examining the possibility of making the point just as effectively to the Chinese military representatives in the course of the discussions. Such a point would certainly get to the press of the world, and if the suggestion contained in paragraph 5 above could be implemented, the main purpose would be achieved. I am certainly anxious to avoid the necessity of Canada making an individual statement of the type under consideration.

7. I believe we might support the United Kingdom view as to the inefficacy of naval blockade. I am further of the opinion the bombing beyond the Yalu is itself no magic device to bring the Chinese to terms. In considering specific measures, however, I would wish to have a good deal of clarification of the implication in paragraph 11 of telegram No. 96 of December 1 (EX-2309 to Washington) that bombing beyond the Yalu would be but the opening move in carrying the war to Continental China.

8. You will realize our interest in obtaining as soon as possible a first-hand account of United States views on these questions from United States officials. If this can be secured before I reach London on Thursday, December 6, so much the better.

160.

DEA/50069-A-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 115 Ottawa, December 5, 1951

TOP SECRET. IMMEDIATE.

Repeat Washington EX-2331; London No. 2174.
Reference: Your telegrams 126 and 130 of December 3, 1951.

KOREA

Following for Minister from Acting Under-Secretary, Begins: Your telegrams under reference have been relayed to Washington for the action of the Ambassador. In making the following observations my purpose is to develop our own thinking on a number of problems rather than to provide specific questions which Mr. Wrong might ask the State Department.

2. There are some points which are raised in paragraph 3 of your message 130 which are not fully met in paragraph 7 of telegram Y. No. 664 (repeated to you as my No. 96). The point as we see it is not only the distinction between a major and minor infringement of armistice terms, a point on which Mr. Acheson reassured Mr. Eden, but also whether the United States military might not consider that a massive and challenging build-up on the part of the enemy would justify action which would, if postponed, expose U.N. forces to greater hazards when the enemy finally launches his attack. In the event of a violation of the armistice terms, while the U.N. command in Korea will naturally be fully aware of an attack, there might be a practical problem as to what body, if any, should be set up to judge the nature and extent of any violation. Not only will the inspection teams be confined to specific localities but they might not be in an area where they could be a witness to an enemy attack. Even if there were "neutral" inspection teams which might also be charged with the responsibility for judging the nature of armistice violations, would the U.S., for example, feel that their decision should be binding and final? Alternately, would it be desirable to create a U.N. commission specifically for the purpose of acting as a watch-dog over the armistice terms?

3. The proposal for a declaration as discussed in paragraph 5 of your No. 130 raises a number of problems:

(1) *A declaration made solely by the U.S. Government.* This seems to raise serious objections. It will provide the Communist world with an attractive propaganda target in that they can argue that here at last is clearly shown the U.S. monopoly in the Korean operation.

(2) *A declaration by the U.S. and a number of Commonwealth governments.* This also would be undesirable as it would ignore a number of effective allies in the Korean struggle; further it would be impossible to get Commonwealth unanimity, and hence it might end up with only non-Asian members of the Commonwealth subscribing, thereby again providing propaganda ammunition.

(3) *A declaration by those governments with troops in Korea.* This would strengthen what I believe to be a dangerous tendency to perpetuate within the U.N. a distinction between those governments which not only vote against aggression but are expected to bear the burden of implementation and those which merely vote.

(4) *A declaration by all U.N. governments which have voted in support of the U.N. action in Korea.* The objection to this is that the influence of a number of countries which have not as direct a stake in the issue as others, and which therefore might act irresponsibly would come into play. Moreover, in order to achieve anything like unanimity, such a declaration might have to be so carefully tailored that it would not resemble the original design fashioned by the sponsoring govern-

ments. It thus seems to me that no combination of governments within the U.N. provides a happy grouping to be the signatories of such a declaration.

4. I agree that we would wish to have clarification of paragraph 11 of telegram Y. No. 664 as requested in your paragraph 7. I am fully aware of course that it will be difficult for Mr. Wrong to secure authoritative commentaries on this paragraph by consulting the State Department, particularly in the absence of Mr. Acheson. We are entitled, however, to explore in our own thinking what might be the meaning of such language as "no holds barred". My impression is that this definitely envisages the fullest possible use of the dreadful panoply of modern war. Although the U.S. officials did not mention the use of atomic weapons against China to Mr. Eden, neither did they rule it out. While I am somewhat puzzled as to why the British would prefer, for example, the bombing of Manchuria to a naval blockade of China, it seems clear that the answer to this lies not so much in what type of attack on China is most effective from a military point of view as an estimate of what actions, e.g., naval blockade or air attacks on bases and lines of communications in Manchuria, would be more likely than others to bring the U.S.S.R. fully into the war.

5. From these preliminary views you will see that I feel, at the present at least, that there appear to be serious objections to a declaration such as that contemplated by the U.S. There remains the possibility raised by you in your paragraph 6 of injecting the substance of such a declaration into the cease-fire talks with the expectation that it would very soon be made public through the world press. This would have to be done most skilfully to avoid giving the other side what might appear a good pretence to break off the talks or to utilize the statement for effective propaganda purposes. It has the advantage, however, that since it will not be given as a public declaration with all the consequent obligations, it will not tie the hands of governments subscribing to it and thereby tend to make their policy rigid and inflexible.

6. On this point we think that the analogy between the proposed declaration on Korea and the one on Germany which has already been made is dangerous. Germany is of such extreme importance strategically that we are right to threaten a general war if Western Germany is attacked. Korea is of such minor importance, strategically, that it might well be unwise to promise in advance that if Southern Korea is attacked we would conduct a general war against China regardless of the strategic situation which might exist in other parts of the world at the time of the attack. We should also keep in mind the point which Mr. Schuman made in Rome that a guarantee to Southern Korea might conceivably be interpreted by the Chinese Communists as a signal that it would be safe for them to go ahead in Indo China.

7. While on the whole, therefore, I am sceptical of the wisdom of the proposed declaration, I feel I should mention some points in its favour. First, it may be a convenient device by which the U.S. Administration can sell the armistice more effectively to the U.S. public and, at the same time, muzzle the opposition which will be always ready to cry appeasement. It will also make it easier for those gov-

ernments with troops in Korea to proceed with withdrawal at a comparatively early stage.

8. Since we were first informed of the U.S. views on this matter by the U.K. High Commissioner's Office here, I trust that you would have no objection if we keep them informed of our thinking on the whole question.

DEA/50069-A-40

161.

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-4149 Washington, December 5, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 2179.
Reference: Your EX-2321 of December 4th.†

KOREA

1. I have discussed the substance of the Minister's telegram 130 from Paris with Hickerson, who is the senior officer now at the State Department working on the armistice negotiations. His comments follow on each paragraph using the same paragraph numbers.

2. He pointed out that there can be no such thing as one hundred percent inspection even if the full United Nations military desiderata were met by the Communists. The most obvious illustration is that the armistice can in no way prevent or limit Communist ground and air build-up in Manchuria, and also that it would be impossible with the most complete inspection we could contemplate to prevent substantial infiltration of men and supplies across the Yalu.

3. He assured me, as indeed seems evident from paragraph 7 of Mr. Eden's report repeated in your EX-2309 of December 1st, that the present proposals related only to the action to be taken in the event of a major attack on United Nations forces. He added that if during the armistice there was convincing evidence through build-up in Manchuria (or indeed in Korea) that an attack was imminent, counter measures might have to be taken, but this possibility was not included in the current negotiations.

4. The State Department is not willing at this stage to bring up the questions at issue at the regular meetings of representatives of governments with forces in Korea for fear of a leak. They would also later on not be prepared to discuss in that forum the military measures which might be taken in the event of an attack, although they are prepared to discuss a warning declaration. During the last two days the situation about neutral observers has changed, and it is reported today that the Communists have suggested as possible countries of origin Czechoslovakia, Poland, Switzerland, Sweden and Denmark.

5. The State Department has in mind that the declaration on conclusion of the armistice should preferably be made collectively by the sixteen countries with combatant troops in Korea, and the United States Ambassador in London was instructed last night so to inform Mr. Eden. They favour the association in some way or other of the United Nations with a declaration on these lines, but believe that the initiative must be taken by the sixteen countries. They think that Ridgway's report on the conclusion of an armistice should go both to the General Assembly and to the Security Council, and that the Assembly at least might in receiving it endorse the substance of the declaration on consequences of a breach. They realize that to secure without elaborate negotiations an agreed text of the declaration even among the sixteen countries will mean that it must be concise and general in its terms. There is thus no difference between their view and ours of the desirability of associating the United Nations, and they are giving thought to the best means of doing it.

6. Hickerson sees difficulties in the way of giving a general warning to the Chinese and North Koreans *only* in the course of the armistice discussions. This would lack the weight of a joint declaration by the governments concerned and would also introduced an element of chance in the publicity it would receive. I emphasized that Mr. Pearson would be anxious to avoid making a separate statement of this sort on behalf of the Canadian Government.

7. Hickerson commented that a major attack in violation of the armistice would in effect constitute a new war. It is impossible to agree in advance on the extent of the military action that might have to be taken by the United Nations forces, as the prime necessity would be to protect their security. All that can be discussed at this stage is the initial action following such an attack. The United States government continues to favour both bombing beyond the Yalu and a naval blockade. (I think that Hickerson himself has doubts about the value of the naval blockade, at any rate as an initial step.) As to air action, what they have in mind here is attacking Chinese air bases wherever this would be most likely to damage their use of air power and also communications and supply depots. They are seeking agreement with the United Kingdom now only on the minimum steps initially required.

8. With reference to Mr. Pearson's message No. 126 of December 3rd repeated in your EX-2322, the position as stated by Hickerson is that they feel it necessary to work out a general understanding with the United Kingdom before taking into their confidence all the other countries with combat forces in Korea. He readily assured me, however, that the State Department would keep the Embassy directly informed of developments. Certainly Mr. Acheson did not consider that Canada was being indirectly consulted as a result of his discussion with Mr. Eden in Rome. Indeed, they are mildly plaintive here that the British promptly informed "the old Dominions", although they are quite ready to give Canada special treatment. They wish to keep the discussions at present on a very secret basis until they are sufficiently advanced to bring in the French in particular and others as well. They will not, however, discuss with all the countries with forces in Korea possible future operations in the event of a breach of an armistice for fear of dangerous leaks.

9. I shall send further comments tomorrow.

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162.

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

Paris, December 6, 1951

TELEGRAM 152

SECRET. IMMEDIATE.

Repeat London No. 269.
Reference: Our telegram No. 130 of December 3.

KOREA

Mr. Pearson and two members of the delegation had an hour's talk last evening with Gross and Ross of the United States delegation on the subject of Korea. Attention was given to both the immediate problem of negotiations in Korea and action in the United Nations in the post-armistice period. It was an informal talk and Mr. Pearson advanced a number of ideas especially as to future action in the United Nations with respect to Korea. An attempt has been made below to set out in some logical sequence the main points made in the conversation. It will be appreciated that the conversation did not proceed in this orderly fashion and that no attempt was made to exhaust the possibilities of any single suggestion.

Present Negotiations in Korea

2. The Minister made it clear that Mr. Acheson's consultations with Mr. Eden in Rome were not to be thought of as adequate consultation with ourselves or other members of the Commonwealth and said that we were consulting the State Department through Wrong. Gross seemed to appreciate the point. Some of the suggestions made in our telegram under reference were repeated to Gross and special emphasis was laid on the idea that every attempt should be made to have any declaration along the proposed lines made within the framework of the United Nations insofar as that was possible. We got the general impression that United States thinking on the proposed declaration was neither as firm or as extreme as was at first suggested in Mr. Eden's telegrams.

3. We agreed that every effort should be made to achieve inspection procedures as satisfactory as possible to the Unified Command. Whatever these procedures might be, it was agreed that some warning of the consequences of a major breach of the armistice would have to be given to the Chinese. However, Mr. Pearson argued that any such declaration should not spell out the specific consequences of a breach but rather should be general in character. He urged the good sense of making the declaration here and the further value of its being contained in a General Assembly resolution. There was no opposition offered to the suggestion nor was there any expression of warm agreement by Gross. In answer to specific questioning, Gross left us with the impression that the United States does not envisage admitting any discussion of the future of Korea or of the political problems of the

Far East under Item 5 (Recommendations to Governments) of the immediate agenda in Korea. In his opinion such a development would reintroduce the old controversy (on which in his opinion our side had now won its point) as to whether a cease-fire should precede or follow negotiations on the future status of Korea and related Far Eastern problems.

Action in the United Nations

4. Gross made it a point to tell us that he had obtained specific clearance from Washington to talk on this subject with Mr. Pearson before the latter's departure from Paris. He said he had not discussed the question with any other delegations, including the United Kingdom on French delegations. After this introduction, the substance of his remarks was somewhat disappointing, although an opportunity was afforded for Mr. Pearson to make a number of informal suggestions as to possible future courses of action.

5. Gross said that United States views on action in the United Nations in the post-armistice period were not yet firm and that the State Department and the Pentagon were discussing the problem as a matter with urgent priority. We understood from his words, however, that the United States considered a thorough airing of the subject in the United Nations to be desirable. The United States envisaged a report by Ridgway to the Security Council along the lines already familiar to us; i.e., a report indicating that in the interests of achieving an armistice the Unified Command had accepted inspection procedures which were not completely satisfactory to it. An anodyne resolution might then be introduced which would merely note the report with satisfaction. There was some division of opinion within the State Department as to whether such a resolution should reaffirm earlier Security Council and General Assembly resolutions on the subject of Korea. Gross believed that, in the interests of preventing a Soviet veto, reference to these earlier resolutions might be omitted. He thought this view might prevail.

6. There could be no question of the Security Council in this resolution relinquishing its interest in the subject, nor should the resolution have anything to say concerning the future of the Unified Command. (This approach is similar to that which was discussed in parallel informal Commonwealth talks which are being reported separately.) A second resolution might be introduced in the Security Council which would transfer consideration of the post-armistice settlement in Korea to the General Assembly. Gross believed that if the Soviet Union was interested in stopping the fighting in Korea it might not use its veto to prevent the passage of such a resolution. Gross was of the opinion that the discussion of the present Korean item should be delayed for the time being, and in addition that some decision should be taken to prevent discussion of Korea (at present it would be discussed not only under Item 17 but also under Item 67, the Soviet item on the agenda) until a cease-fire agreement had been reached in Korea.

7. It was apparent that beyond this point, United States thinking is not firm, and Gross was anxious to have Mr. Pearson's views. From what Gross said, it seemed likely, however, that the United States:

(a) Would be unwilling to agree to any machinery which would involve a conference of spokesmen of governments in formal session, since this would raise not

only the United States problem with respect to the Communist Chinese Government but also the problems of the position of the R.O.K. Government, the North Korean Government, and the Chinese Nationalist Government;

(b) Would find it difficult, if there were to be a mediator, to entrust the role to any non-American;

(c) Considered it important to have all the Big Four powers on any commission which might be established;

(d) Would not regard the prolongation of negotiations over a long period with any concern;

(e) Would insist that any General Assembly resolution which might be passed concerning the future political settlement in Korea should reaffirm the important resolutions on Korea which had already been passed;

(f) Would be wary of the concept of "neutrals" in the function of any future United Nations negotiations with the Communists, (and similarly in the composition of inspection teams) since there are theoretically no neutrals in the United Nations insofar as the Korean issue is concerned.

8. The discussion then centered on the type of machinery which might be most acceptable and effective. Gross suggested four possibilities. They did not seem to us to be mutually exclusive, nor did Gross explain in any detail the essential differences among them or the priority assigned in his thinking to them. They were:

(a) A commission with advisory functions either as a separate organization or linked with a United Nations mediator;

(b) A commission with good offices functions;

(c) A negotiating commission;

(d) A single United Nations mediator.

9. Mr. Pearson offered several more concrete suggestions for consideration. He stressed first the importance of the quality of the members of any United Nations Commission which might be set up, and the desirability of its being a small body. A three-man commission with the United States, the USSR, and one competent member, who might perhaps be an Indian, would have the advantage of small size but would put tremendous pressure on the third member. A five-power group might reduce this pressure if it were to consist of the United States, the USSR, two friendly but responsible members, possibly representing governments with troops in Korea, and one "free-wheeler". The Minister thought some consideration might be given to the desirability of not including the United Kingdom or France, since the great-power nature of the group might lead to additional difficulties. Finally, he examined the possibility of a United Nations mediator, chosen with great care as a man of experience, tact, and patience who might report to a commission of undetermined size. The work of Bunche in Palestine or Graham in Kashmir might be considered as examples. It would be clear that the mediator would have to go not only to Korea but also to Peking. The commission to which the mediator would report might sit in New York and would be responsible for reporting to the Assembly the existence or non-existence of a basis of agreement among the parties. The Minister emphasized the desirability of inviting India to sit on any body which might

emerge, not only because of its contacts in Peking but also for the experience it would gain in the difficulties of negotiations with Far-Eastern Communists. He indicated in addition that while Canada would certainly not press for a place on any United Nations commission, which might be set up, we might be willing to serve if our assistance were requested.

10. It was generally implied, although not spelled out in any detail, that the terms of reference of any United Nations commission set up would be based on the principle of a free, unified Korea with a government elected by democratic processes. Further, its terms of reference would be limited to settlement of the Korean problem with no mandate given it to discuss Chinese representation, Formosa, or other Far Eastern problems. The commission would have a mandate to discuss the Korean settlement with all interested powers.

11. Gross thanked the Minister for his suggestions, and expressed the hope that we might put any further thoughts we had on paper and give them soon, not only to Washington but to the delegation here. Mr. Pearson said we would do so as soon as possible. For that reason, we would be grateful to have an early expression of views from the department on:

(a) The procedure which might be followed in bringing the post-armistice problem of Korea before the General Assembly;

(b) The type of resolution which might serve as a useful base for debate in the General Assembly;

(c) The United Nations machinery which might be set up to carry on consideration of long-term political settlement in Korea.

The Minister has indicated that even the preliminary views of departmental officials along these lines would be useful to him in his London talks, and has expressed the hope that it might be possible for some such expression of views to be sent to him in London within the next few days. We shall continue to canvass the views of other delegations here. Ends.

163. 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-4153 Washington, December 6, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 2184 (Important); Candel Paris No. 120.
Reference: My WA-4149 of December 5th.

KOREA

1. This message is a summary of my own impressions of the armistice negotiations. It seems more likely than not that an armistice will be concluded. The United

Nations negotiators have succeeded in securing their main desiderata on the line for contact and demilitarized zone. The discussions over supervision are now in an extremely complicated phase, but I think that something that can be accepted is likely to emerge. It is essential that the Communists give some real satisfaction on the question of prisoners of war, and we do not yet know what their position will be. The final item of recommendations to governments ought not to produce a long wrangle; if no agreement can be reached on joint recommendations, separate recommendations from each side might be forwarded.

2. It is becoming apparent that the basic sanction of observance of the armistice depends partly on good faith but that a lively fear on the Communist side of the consequences of a flagrant violation should be created because of our lack of confidence in their good intentions.

3. As suggested in paragraph 2 of WA-4149, no system of supervision of the terms can be fully effective even if the Communists were to accept all the United Nations proposals. In addition to the impossibility of banning a build-up in Manchuria, complete inspection along the Yalu River is physically impossible. The Yalu is frozen from source to mouth during the winter months and can be crossed anywhere, and I am told that there are many points at which it can easily be crossed by men and supplies even when it is open. The lateral roads on the Manchurian side would permit undetected movements to selected points of crossing other than the regular ports of entry. There are nine or ten regular ports of entry, coastal and interior, at which inspection would be desirable, but movement through them could easily be avoided.

4. Another point to consider is that the armistice may remain in effect for a long time because the negotiation of a political settlement proves impossible. Elaborate supervision procedures included in the armistice itself might well lead to constant wrangles and mutual charges of violation, which would prevent a gradual easing of tension and keep passions alive. Given that nothing in the armistice terms could really guarantee its faithful observance, my conclusion is that we should accept the best arrangements that can be made banning reinforcement in Korea and creating a supervisory body, but recognize that the only recourse in case of bad faith is to resume fighting and remove some of the limitations on operations against China.

5. This message up to this point was prepared before I received Reid's telegram to Mr. Pearson repeated in EX-2331 of December 5th. Some of the points made in that telegram have been clarified as a result of my discussion with Hickerson yesterday. I feel moved, however, to enter a demurrer against the negative approach to the question of a declaration taken in this telegram. It seems to me only common sense that the other side should understand that if the fighting ceases because of an armistice they will only resume it deliberately with very grave consequences to themselves. We can argue about just what these consequences should initially be, but we cannot prescribe in advance the courses of action which the United Nations forces might have to take to protect themselves. My own belief is that if there were a flagrant sustained and substantial breach of the armistice terms by the Communists, this would mean that the Chinese and Russians were deliberately incurring the risk of a general war.

6. Surely, the main accomplishment of the United Nations in Korea has been to warn the Communist hierarchy that they cannot undertake military aggression without the risk of grave consequences, including the possibility of general war. The military intervention of the United Nations forces itself constituted such a warning in the most compelling terms. It would seem logical, therefore, that if hostilities were brought to an end by an armistice arrangement, this warning should be repeated by or on behalf of the United Nations. Indeed, it would seem to me that a declaration of this type might be regarded as essential in order to preserve the force and integrity of the United Nations position in resisting aggression.

7. With regard to paragraph 6 of EX-2331, it should not be overlooked that United Nations military intervention in Korea was a specific application of the general principle of deterring Communist aggression, the effects of which might not be confined to Korea alone. It does not follow that those countries that undertook to commit forces in support of this principle in Korea, by issuing or supporting the proposed declaration, commit themselves to full-scale war against China in the event of the breaking of the armistice agreement. In the exchanges which have taken place it is clear that there are to be consultations on what specific military measures might have to be undertaken in such an event.

164. 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-2339 Ottawa, December 7, 1951

TOP SECRET. IMPORTANT.

Repeat London No. 2191; Candel Paris No. 122.
Reference: Your WA-4153 of December 6.

ARMISTICE IN KOREA: PROPOSED DECLARATION

Following from the Acting Under-Secretary.

1. The problem is so complex and difficult that I would not want it to be confused by any misunderstanding by you of the Departmental position as set forth in our telegram No. 115 of December 5 to Paris for Mr. Pearson, repeated to you as EX-2331 and to London as 2174.

2. I agree with the point made in your paragraph 5 that the other side should understand that if they deliberately resume fighting after an armistice, the consequences to them would be very grave. It does not however follow from this that there should be a declaration of the kind suggested by the Americans. Instead of a declaration, the position of our side could, as the Minister suggested, be made clear to the other side in the course of the cease fire talks.

3. I agree further with the point you make in paragraph 5 of your telegram that "we cannot prescribe in advance the courses of action which the United Nations forces might have to take to protect themselves" in the event that the other side deliberately resumes fighting after an armistice. Indeed, our worry about the American proposals is in part that the Americans now are trying to get the United Kingdom and presumably us to agree that a minimum initial course of action should be the bombing of Chinese air bases, communications and supply depots, and a naval blockade. (Your telegram WA-4149 of December 5, paragraph 7.) It is one thing to give a warning to the Chinese, either in the form of a public declaration or during the cease fire talks; it is another thing for the Americans or for any of us to commit ourselves now to precise courses of military action which we would take against China in the event of a flagrant breach of the armistice.

4. I am inclined to share your belief that "if there were a flagrant, sustained and substantial breach of the armistice terms by the Communists, this would mean that the Chinese and Russians were deliberately incurring the risk of a general war". Since there is, however, a distinct possibility that this belief may not be well founded, I suggest it would be unwise for us now to make commitments based on this belief which assumes that the North Koreans can be controlled by the Chinese and the Russians, and that the Chinese would not agree to a breach of the armistice without Russian concurrence and vice versa. If twelve months from now there is a flagrant, sustained and substantial breach of the armistice terms by the South Koreans, would this mean that the Americans and the British were deliberately incurring the risk of a general war? The parallel of course is far from perfect but might it not be unwise to assume that there are no significant similarities in the relationships between the United States, the United Kingdom and the South Koreans on the one side and between the Chinese, the Russians and the North Koreans on the other?

DEA/50069-A-40

165.

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 2199

Ottawa, December 7, 1951

TOP SECRET. IMMEDIATE.

Repeat Washington EX-2343; Paris No. 124.

Following for the Minister from Acting Under-Secretary, Begins: The exchange of views concerning a declaration on the breach of an armistice in Korea and the steps to be taken following the conclusion of an armistice has now become so complicated that it would perhaps be well to begin by a general review of what the United States appears to want.

2. The United States appears to want to draw a line in East Asia beyond which the Chinese cannot cross because they will be deterred by the threat of dire conse-

quences on the analogy of the deterring of Soviet aggression in Berlin and Western Germany. It is proposed that this line be drawn by a general statement to the effect that "a breach of the armistice by the Communist forces would be a very serious matter and would make impossible the localization of the subsequent conflict". This declaration, in the view of the United States, should preferably be made collectively by the 16 governments with troops in Korea, although the United States appears to be willing to have the declaration embodied in or approved by a resolution of the General Assembly.

3. The initial purpose of the declaration is stated to be that of deterring a breach of the armistice by Communist forces. It appears to be assumed that these forces act by some central and possibly single direction. As far as can be deduced this central direction in Korea is considered to be vested in the Central People's Government of China though it is obviously assumed that the Soviet Union is in complete accord with China on the Korean question. There is a good deal of evidence in our opinion to support this view, though the evidence is by no means conclusive and it might therefore be dangerous to base policy too firmly on the belief that the Soviet Union, China and North Korea are as unanimous on the implementation of Communist doctrine as they are on their belief in that doctrine.

4. The declaration once made, in the view of the United States, must be capable of being implemented in case of need through military action. Such action, initially, should include a naval blockade of China and the bombing of air bases, supply centres and communications centres not only in Manchuria but in the rest of China as well. The United States has informed us that such action would be the result of a "major attack on the forces of the United Nations". The United States has also informed us that the action to be taken in the case of "convincing evidence through build-up in Manchuria (or indeed in Korea) that an attack was imminent" is not included in the present negotiations. This, so it seems to us, is not satisfactory in that it is obviously a contingency which should be faced. It is probably safe to assume that in the event of such convincing evidence the United States would ask for a further declaration that a build-up would justify active opposition. The United States has said that it will not discuss the ultimate limits of military measures in the event of a breach of the armistice at all and that it will not discuss immediate military measures in the meeting of ambassadors in Washington.

5. General Bradley has said that it is his opinion that the Chinese have had enough in Korea and would be "unlikely to violate the armistice". It seems to me that if the Chinese violate the armistice they must realize that they are likely to provoke a large-scale war and that they will do so because they are willing to accept this risk. For this purpose a declaration is not needed. In these circumstances, it is perhaps admissible to consider the motives behind the United States desire for a declaration. Undoubtedly, the desire to make it clear beyond all question that they will tolerate no breach of the armistice comes foremost but there are probably subsidiary motives as well. For example, it will be easier for the Administration in the United States to meet its critics if it can point out that in accepting a less than ideal armistice it has taken steps to try to rectify the lack of perfection. Also, the United States Administration may think that it will be easier to withdraw a large proportion of their troops from Korea if there is in existence some explicit

threat that the troops will return if advantage is taken of their withdrawal. Thirdly, the United States government might be hoping that by means of a declaration it will commit its present allies to further activity in Korea in case of need.

6. The post-armistice procedure the United States appears to envisage may be outlined as follows:

(a) A report from General Ridgway to the Security Council indicating that in the interests of securing an armistice, the armistice has been accepted without "completely satisfactory" inspection procedures but that an armistice has been concluded and that firing has ceased;

(b) The Security Council would then note with satisfaction General Ridgway's report. Some officers in the State Department appear to want to include a reference to the earlier resolutions by the Security Council and the General Assembly dealing with Korea but they appear to realize that the inclusion of such references might endanger the plan by provoking a Soviet veto. As the United States plan appears acceptable in its broad outline, it would seem to us to be wise to support those in the State Department who favour the omission of any reference to the earlier resolutions. A resolution confining itself to noting with satisfaction would not involve the Security Council in any relinquishment of its interest in Korea and would not tamper with the Unified Command in any way. The continued existence of the Unified Command is apparently a strong consideration with the United States government, and one which we would certainly wish to support;

(c) A second resolution might be introduced into the Security Council to invite the General Assembly to consider a post-armistice settlement in Korea. It is our view, however, that such a resolution is unnecessary and might well prove unwise. It is unnecessary because the General Assembly can debate such a subject if an appropriate item is put on its agenda; it does not have to depend on the Security Council to put the item there. Such a resolution might be unwise for several reasons. One is that there would be a great temptation to refer to earlier resolutions and to include statements of principle. The inclusion of references to earlier resolutions might transform the resolution from a procedural into a substantive one. The inclusion of statements of principle might provoke a Soviet veto for the reason that the Soviet Union has hitherto taken the position that the future of Korea was a matter not for the General Assembly, nor for the Security Council but for the Big Four. They might also object to referring the matter to a body where the Central People's Government of China is not represented although it is barely possible that they might acquiesce if the initiative were taken by the General Assembly;

(d) The United States is anxious to avoid any discussion of Korea in the General Assembly until an armistice has been signed. There are two items, numbers 17 and 67, which deal with Korea. This United States suggestion is well taken.

7. The United States apparently has not yet formulated definite views on the way in which the General Assembly could tackle its problem. It has considered four methods: (1) an advisory commission, possibly linked with a mediator; (2) a good offices commission; (3) a negotiating commission; and (4) a United Nations mediator acting alone. Any of these four bodies should, in the view of the United States, be instructed to proceed on the basis of a free, unified Korea with a government

elected by democratic processes, and there would be no latitude to include other subjects such as the future of Formosa and the Chinese seat in the United Nations. With this position we should agree.

8. The following are the terms on which the United States is willing to proceed to a political settlement. I comment on these in the order in which they are given in paragraph 7 of telegram No. 152 of December 6 from the Canadian Delegation in Paris:

(a) The United States will not agree to any system in which spokesmen of the United States government and the governments of North Korea and China would have to meet together as representatives of governments. This is obviously connected with the question of recognition and therefore we may have to accept United States insistence on this point for the time being. In consequence the only methods open for the negotiation of a political settlement in Korea are the four types of commissions named in paragraph 7.

(b) Preference for a mediator who is an American (we assume this to mean a U.S. citizen) if maintained would rule out the possibility of a single mediator. While Americans such as, for example, Bunche and Graham appear to us to be dispassionate and impartial, it is unlikely that they would appear so to the Chinese or the Russians. After all, if the Americans can trust nobody but an American, it is hardly to be expected that the Chinese or the Russians could trust an American. If the United States could be persuaded to modify its views on this point, a neutral mediator might be found. As the reasons for favouring an American mediator are not given, it is impossible to assess whether such a change is possible.

(c) The inclusion of all four of the Big Four powers on a commission presumably refers to the United States, the United Kingdom, France, and the Soviet Union and, therefore, excludes the question of Chinese representation. But the presence of these four powers must lead to a large commission if there are to be on it any powers not directly concerned in the war. A commission of seven would appear to be almost mandatory unless the United States can be persuaded to give up this preference. It might be worth while to urge the Five Power group, excluding the United Kingdom and France, as you have suggested.

(d) The lack of concern in the United States Government over the prolongation of post-armistice negotiations has already been made plain to us by Mr. Rusk in a conversation with Mr. Wrong in Washington. Internal evidence, noticeably desiderata (b) and (e) in this list, give the impression that prolongation of the negotiations might even be considered advantageous.

(e) Insistence on reaffirming existing General Assembly and Security Council resolutions on Korea in any new General Assembly resolution might well lead to the failure of the whole plan. Reaffirmation of the past resolutions will add nothing and might lead to failure to secure the necessary degree of co-operation from the Soviet Union and Communist China. All the present "neutrals" would probably consider a resolution containing such reaffirmations as a propaganda device.

(f) We do not read this desideratum as meaning that in actual practice the United States will oppose the use of representatives of countries commonly spoken of as neutrals.

9. Taking the foregoing considerations into account, I think that a brief outline of the most desirable plan to be followed is as set forth below:

(a) The Security Council should note with approval the report of General Ridgway that an armistice has been concluded.

(b) The First Committee of the General Assembly should consider a resolution noting the conclusion of the armistice with approval, favouring the unification of Korea under a democratically-elected government (provided the Soviet Union does not object too strongly to this) and setting up a sub-committee consisting of five individuals (one the Chairman of the First Committee and four members to be chosen by him from the United States, the Soviet Union, India, and one other state).

(c) The terms of reference of the sub-committee would be to use its good offices in trying to reach a long-term political settlement of the Korean problem. We would interpret this to mean that the sub-committee would meet with representatives of the People's Republic of China and the North Korean authorities on the one hand and with representatives of the governments of the United States and South Korea on the other hand. It would not be necessary for all members of the sub-committee to meet with the representatives of any given government.

10. In coming to these conclusions, we have been influenced not only by the consideration outlined in paragraph 6 of Mr. Wrong's telegram WA-4153 of December 6 that "the main accomplishment of the United Nations in Korea has been to warn the Communist hierarchy that they could not undertake military aggression without the risk of grave consequences, including the possibility of general war" but also by the action of the Chinese in the fall of 1950 clearly indicating (and this appears to be an historical axiom, not merely a matter of ideology) that China will not accept a hostile regime in Korea: that so long as an attempt is made to unify all of Korea under a government hostile to China, China will ensure that we have years of unrest in the Far East.

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166.

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-4204 Washington, December 12, 1951

TOP SECRET. IMMEDIATE.

KOREA — UNITED STATES UNITED KINGDOM NEGOTIATIONS ON DECLARATION ON BREACH OF ARMISTICE ETC.

Following for the Under-Secretary, Begins: We have learned on a most personal and confidential basis that Australian High Commissioner in London has reported in telegrams to Casey in Washington that the United States attitude is that negotiations on the Korean settlement should be kept at present on a bilateral basis

between the United States and the United Kingdom and should not be communicated to the Commonwealth Governments mentioned in paragraph 9 of EX-2308 of December 1st (this view was apparently made known to the Foreign Office by means of a memorandum from the United States Ambassador in London). High Commissioner reported that the Foreign Office and Commonwealth Relations Office were pressing for the ban to be lifted and hoped that Mr. Eden would soon be able to telegraph the United Kingdom Embassy in Washington to this effect. The Australian messages further stated that Commonwealth Relations Office will very shortly be communicating with Commonwealth Governments mentioned above to the following effect:

(1) The United Kingdom will insist that these Commonwealth Governments be taken into confidence,

(2) The United Kingdom believes that if inspection terms were satisfactory or even relatively satisfactory, warning declaration would be unduly provocative and might harden Chinese opposition,

(3) The United Kingdom is inclined to interpret the establishment of a neutral inspecting organ as "relatively satisfactory". Ends.

167. DEA/50069-A-40

Message personnel du secrétaire d'État des Relations du Commonwealth du Royaume-Uni pour le secrétaire d'État aux Affaires extérieures

Personal Message from Secretary of State for Commonwealth Relations of United Kingdom to Secretary of State for External Affairs

TOP SECRET [London], December 13, 1951

High Commissioner will convey to you information as to the further approach which Mr. Acheson has made to Foreign Secretary regarding warnings which might be given to Communists in regard to major infractions of any armistice terms, including arrangements for supervision. Our High Commissioner will also give you the terms of the reply which Foreign Secretary is making.[65]

This exchange of views does not, of course, take the place of the consultations which, at the appropriate stage, will have to take place with the various Governments with forces in Korea. The exchange is nothing more than a means of ensuring that the views of the United Kingdom and United States are not widely divergent when definite proposals have to be formulated. You will also see that in fact we and the United States are by no means yet in line with each other in our thinking on the subject.

I have thought it only right that even at this very preliminary stage you should be kept informed, but it would I think be helpful if you would keep the information to a very narrow circle in Canada, as is being done here.

[65] Voir/See *FRUS*, 1951, Volume VII, pp. 1238-9, 1249-50, 1317-19.

There has been no communication at all as yet on the subject between the United States and the foreign countries concerned. The United Kingdom cannot, of course, speak for another Commonwealth country at any time unless requested to do so and, on this occasion, were in any case precluded from doing so by United States insistence on informal and bilateral consultation, to which they wish to confine present United Kingdom/United States exchange of views. But we have insisted with United States on necessity of our keeping you informed. In spite of these difficulties, we here shall naturally be very glad to have any views which you may feel able to express in the light of this personal exchange between Mr. Acheson and the Foreign Secretary.

DEA/50069-A-40

168.

Message personnel du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État des Relations du Commonwealth du Royaume-Uni

Personal Message from Secretary of State for External Affairs to Secretary of State for Commonwealth Relations of United Kingdom

TOP SECRET Ottawa, December 14, 1951

Thank you for your personal message of December 13 concerning the recent exchanges of views between Mr. Eden and Mr. Acheson on a warning statement which might be made of the consequences of a major breach of the armistice which we all hope will soon be concluded in Korea.

2. I am making sure that the information which you have been good enough to pass to me is safeguarded by being made known to a very narrow circle in Canada.

3. I am in substantial agreement with Mr. Eden's comments on the United States proposals and I am particularly pleased that Mr. Eden has emphasized the need to have a positive plan for action in the event of the armistice being concluded and loyally observed. There are two points on which I should like to comment.

4. Mr. Eden's revision of the last paragraph of the State Department's draft declaration is, in my opinion, a great improvement over the original. Mr. Eden, however, has retained in his revision the term "aggression" which appears in the State Department draft. The effect of this is to relate the warning to "another act of aggression" and not to a major breach of the armistice. It seems to me essential to restrict the warning to the consequences of a major breach of the armistice. Otherwise the warning could be interpreted to involve a special commitment of indefinite duration to defend against aggression whatever permanent settlement in Korea may emerge from the discussions which we hope will take place after the conclusion of an armistice.

5. This interpretation could not be given if the last two sentences of the proposed declaration were to read as follows: "We affirm that if there is a breach of the armistice which challenges again the principles of the United Nations, we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that it might then prove impossible to confine hostilities within the frontiers of Korea".

6. I note that the conclusion of the State Department is that "a collective statement by the United Nations is not practicable". I am not convinced that this conclusion is justified. In order to secure an overwhelming majority in the United Nations it would, of course, be necessary to tone down any statement about the consequences of a major breach of the armistice. The farthest that the United Nations General Assembly might be prepared to go might be to state that the consequences of a major breach of the armistice would be grave. It seems to me, however, that the advantages of action through the United Nations outweigh the disadvantages of toning down the warning.

169. 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-4241 Washington, December 17, 1951

TOP SECRET. IMPORTANT.

Reference: My WA-4204 of December 12th.

PROPOSED DECLARATION CONCERNING BREACH OF A KOREAN ARMISTICE

1. I saw Hickerson at his request this afternoon. He had with him Raynor and Alexis Johnson. The purpose was to bring me up-to-date on the proposal for a declaration, in the event of an armistice by the governments with forces in Korea. He is seeing also the Australian, New Zealand, and South African chiefs of mission, but as yet no other governments except the United Kingdom are being consulted.

2. He said that the considered view here is that the major sanction against a Communist breach of the armistice must be the fear of the consequences and that therefore something would have to be done to make clear the consequences, even if the Communists agreed to satisfactory inspection procedures. It was quite apparent, however, that they would not agree to such procedures and that the armistice, if concluded, would fall short of adequate inspection arrangements.

3. He also said that the settled view was that the parties to the declaration should, if possible, include the sixteen governments with combat forces in Korea. They stood in a special position among the United Nations and their forces would have to face the consequences of renewed fighting. The declaration should be issued within 48 hours of the signature of the armistice. The United States Government is satisfied that it would be impossible to negotiate a satisfactory declaration in the General Assembly, but they would hope that the General Assembly would note with approval the declaration in a resolution on Korea which would have to come before it after the armistice was concluded.

4. A draft declaration was submitted last week to the British Government. The first sentence, which was acceptable in London, declared the intention of the gov-

ernments concerned fully to observe the terms of the armistice and to seek a peaceful settlement in Korea. The second sentence of the United States draft was to the effect that, in the event that renewed aggression was committed in Korea, the countries responsible would receive the full retribution, without geographic limitations, which they would so richly deserve. The British have objected to this sentence as too strong and have proposed an alternative which is regarded here as too weak; it is to the effect that, in the event of a renewal of aggression, it might not be possible to confine the hostilities to Korea.

5. The United States Government is now preparing an alternative draft less emphatic than their original proposal, but more so than the British counter-proposal. Hickerson said that he would give me a copy of this alternative as soon as it was ready for presentation to London, probably tomorrow or Wednesday. He told me that they were most anxious to receive any comments or suggestions from the Canadian Government as soon as possible and asked me to assure you that full consideration would be given to the Canadian point of view.

6. He also asked that these discussions should continue to be treated as very secret, since they did not wish to broach the subject to the other governments concerned until they had got somewhere in their discussions with the British, ourselves, and the three other "old dominions". They would like to make progress as rapidly as possible in the hope that the remaining points at issue in the armistice negotiations, difficult though they are, may be settled by December 27th.

7. I said that one of the major difficulties that I saw was that, by agreeing to this statement, the governments concerned might be letting themselves in for an unlimited war in the Far East at the discretion of the Unified Command, which was the Government of the United States; I recognized that a large-scale renewal of fighting in Korea would mean that the Unified Command must be free to take steps necessary for the security of the forces, but that there were very important political as well as military considerations involved in any extension of the hostilities outside Korea. Could he throw any further light on what type of military action was contemplated? He answered that the view here was that the use of air power against any targets in China which were worth attacking from a military point of view, such as communications centres in addition to air bases, would be a quick and useful counter-stroke against renewed aggression in Korea. The Communists had some 800,000 men in Korea itself, and it was thought that they had there supplies sufficient for a 20 day general offensive. If they repaired their lines of communication from Manchuria during an armistice as they would be free to do, they would be able to maintain a sustained offensive of longer duration without adding to their forces. This possibility could be to some degree reduced if on the outbreak of further fighting there was a widespread attack on Chinese communications at any useful point. No one, he added, was thinking of using ground forces on the Asiatic mainland outside Korea. A naval blockade, however, excluding Port Arthur and Dairen, continued to be favoured by the Unified Command, even though it would not bring quick results. He did not ask for agreement at this stage to any precise military plan of action, but to the general proposition that the Communists would have to pay heavily for it in some way or other if they resumed fighting and should be made to understand this as soon as the armistice was concluded.

8. I pointed out that it might conceivably be part of general Communist strategy to draw as much of the air and land forces of the United Nations as possible into the Korean area without the Soviet Government having committed itself deeply, in order to help clear the way for Soviet invasion of Western Europe. He said that they were certainly alive to this possibility and that the decision on what to do could only be taken at the time the crisis arose. Certainly if war began in Europe, the governments concerned would not be in any way committed to keeping their forces in Korea at all. There would obviously have to be consultations as the situation developed, and he recognized that the issues involved were by no means purely military. Much would depend on the degree to which the Soviet Government committed itself in any renewal of fighting in Korea.

9. Hickerson also said that the State Department would be consulting us soon on the steps to be taken following an armistice towards the achievement of a political settlement in Korea.

170. 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-4246 Washington, December 18, 1951

TOP SECRET. IMPORTANT.

Reference: Your EX-2391 of December 18th.†

PROPOSED DECLARATION CONCERNING BREACH OF A KOREAN ARMISTICE

1. We were handed by the State Department late this afternoon the re-draft referred to in paragraph 5 of my WA-4241 of December 17th. This draft is being given today to the British, Australians, New Zealanders, and South Africans for comment. The last two sentences follow closely the revision proposed by the United Kingdom, although the intimation that a renewal of fighting in Korea would involve retaliation outside Korea is in somewhat stronger language. You will note that the draft includes the change suggested by the British, conveying in effect a pledge to resist aggression anywhere. I should be glad to have your instructions as soon as possible.

2. The text of the new draft is as follows: Text begins:

We the nations participating in the Korean action support the decision of the Commander-in-Chief of the United Nations Command to conclude an armistice agreement. We hereby affirm our determination fully and faithfully to carry out the terms of that armistice. We expect that the other parties to the agreement will likewise scrupulously observe its terms.

The task ahead is not an easy one. We will support the efforts of the United Nations to bring about an equitable settlement in Korea based on the principles

which have long been established by the United Nations, and which call for a united, independent and democratic Korea. We will support the United Nations in its efforts to assist the people of Korea in repairing the ravages of war.

We declare again our faith in the principles and purposes of the United Nations, our consciousness of our continuing responsibilities in Korea, and our determination in good faith to seek a settlement of the Korean problem. We affirm that if another act of aggression were to challenge again the principles of the United Nations we should again be united and prompt to resist. Should aggression be committed again in Korea the consequences would be so grave that it would, in all probability, not be possible to confine hostilities within the frontiers of Korea. Text ends.

DEA/50069-A-40

171.

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-4263 Washington, December 20, 1951

TOP SECRET

Reference: My WA-4246 of December 18th.

PROPOSED DECLARATION CONCERNING BREACH OF A KOREAN ARMISTICE

1. I have now received your despatch Y-3565 of December 15th† covering the messages exchanged with Lord Ismay on the original United States draft and related issues. I share the view expressed in paragraph 4 of your message to Lord Ismay of December 15th that the declaration should relate to a major breach of the armistice rather than to aggression in general.

2. An additional comment relates to the sentence in Mr. Eden's revision (which is incorporated in the State Department's re-draft) beginning "we affirm that if another act of aggression ..." This sentence could be read as implying a promise by the governments party to the declaration to resist promptly "another act of aggression" *anywhere in the world* and not merely in Korea. I doubt whether such an interpretation was meant by the Foreign Office; it certainly would be an inappropriate and unwise undertaking for sixteen governments to make. Your own revision would look after this.

3. The State Department wants something rather more positive than either Mr. Eden's or your wording for the last sentence, as is evident from my talk with Hickerson and from the language used in their revision. The question is whether we should be prepared to go as far as this language if reference to a serious breach of the armistice is substituted for the word "aggression". I suggest that you might consider the following alternative wording for the last two sentences:

"We affirm that if the armistice should be broken by another act of aggression which challenges the principles of the United Nations we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea."

4. I doubt that we will get anywhere by pursuing the suggestion that the declaration should be made by the United Nations rather than by the governments contributing forces in Korea. The State Department and the Foreign Office agree that this course is not practicable and that the most that could be attained would be to have the declaration later noted with approval by the Assembly. The timing, which is of considerable importance, could not be controlled if the matter were thrown into the Assembly for debate. I think also that any statement which could secure the desirable large majority in the Assembly would have to be so watered down that it would mean very little.

172. 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-4268 Washington, December 20, 1951

TOP SECRET. IMPORTANT.

Reference: My WA-4263 of December 20th.

PROPOSED DECLARATION AFTER A KOREAN ARMISTICE

1. Hickerson asked me to see him again this afternoon on this matter. I told him that I had not received your comments on my discussion with him on December 17th (my WA-4241) or on the United States redraft given us on December 18th (My WA-4246). I knew, however, that if a declaration were agreed on you would wish the last two sentences to refer to a breach of the armistice instead of to aggression generally, and I mentioned the terms of the revision which I suggested to you in paragraph 3 of my WA-4263. He appeared to think that a revision on these lines would probably be acceptable here.

2. He told me that last night telegrams had been despatched to the United States Ambassadors in France, Greece, Turkey, Belgium and the Netherlands instructing them to submit the proposed declaration to those governments. The Belgians were to be asked to inform the Luxembourg Government, as the Luxembourg contingent is part of the Belgian battalion in Korea. This left the governments of Thailand, the Philippines, Colombia and Ethiopia still to be consulted. They are putting this off for the moment because of their great anxiety to maintain complete secrecy. He asked that we should not in Ottawa or here indicate to any of the missions of the

countries consulted, other than those of the United Kingdom, Australia, New Zealand and South Africa, that we had been brought into the picture earlier.

3. He read me a telegram sent last night by Mr. Gifford stating that Mr. Eden had told him that the last United States draft was acceptable to him, but that he would have to secure Cabinet concurrence, which he proposed to do at the earliest opportunity.

4. He went on to say that his special reason for seeing me today was to tell me the views expressed by the Joint Chiefs of Staff at a long discussion yesterday, at which he and Johnson represented the State Department. This left him with the strong impression that agreement on the issuance of a declaration on the lines proposed as soon as possible after the signature of an armistice might make the difference in getting an armistice at all. (The Joint Chiefs have not yet approved the draft, but have not raised objections to it.) The Joint Chiefs were particularly concerned over the danger of airfield construction and reconstruction in Korea at points which would permit jet fighters to operate efficiently against the United Nations ground forces. Three such fields have already been built, but are not now operational because of the damage inflicted by bombing. It seems fairly certain that the Communists will refuse to accept a commitment against the repair and employment of airfields in Korea as part of the armistice terms, which would be policed by the stationing of observer teams at the airports. The Joint Chiefs were only inclined to give in on this if a solemn warning of the consequences of violating the armistice were issued.

5. He also referred again to the Joint Chiefs' concern about the possibilities of a sudden attack without the movement of additional supplies and forces to Korea if the Communists were able to repair their railways and roads during an armistice. The latest estimate of Far East Command is that there are 770,000 Communist troops in Korea with adequate supplies for a 26-day major offensive. If they were able to move supplies in quantity from Manchuria over repaired lines of communications, they could continue an offensive for a considerably longer period. Therefore the Joint Chiefs thought that for this military reason also a grave warning must be issued.

6. In addition he mentioned the problem of morale in South Korea. If the armistice endured for some time and the United Nations forces were reduced the South Koreans might feel that they were being deserted by the United Nations and the way would be opened for Communist subversion and infiltration. A solemn assurance would help to meet this risk.

7. I told him that you continue to see advantages in aiming at a declaration by the General Assembly rather than by the sixteen countries. He repeated with emphasis reinforced by the views of the Joint Chiefs, the argument he had previously given me. These are, first, that the declaration must be made almost immediately after the signing of the armistice, secondly, that any resolution for which a large majority could be secured in the United Nations would be so diluted in substance as not to meet the requirements.

8. I hope that you will be able to send me your comments very shortly. We are having a discussion within a day or two with the State Department on the means of proceeding towards a settlement after an armistice comes into effect.

173. 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-2406 Ottawa, December 20, 1951

TOP SECRET

Repeat London No. 2261.
Reference your telegram WA-4246 of December 18.

PROPOSED DECLARATION ON KOREA

The fresh draft of the declaration, as you say, includes the changes suggested by the British with the addition of stronger language in the last sentence. I think, however, that there may have been a misinterpretation of British motives and that it was not Mr. Eden's intention that this declaration should be a pledge to resist aggression wherever it might occur. Our conversations with Earnscliffe lead us to believe that Mr. Eden was confining himself to Korea.

2. Even if it was the British intention to give a pledge against aggression anywhere this does not meet my views, which have been outlined in EX-2391 of December 18† and in the exchange of personal messages with Lord Ismay which you will by now have received. I would prefer that any declaration should be confined to the consequences of a major breach of the armistice and should not appear to give a blanket pledge against aggression in general or to give a timeless guarantee in Korea. These limitations as to time and place are taken care of in the redraft of the last two sentences of the declaration which I sent to you yesterday:

"We affirm that if there is a breach of the armistice which challenges again the principles of the United Nations, we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that it might then prove impossible to confine hostilities within the frontiers of Korea."

3. In communicating my views on what a declaration could suitably contain, I should like you to let it be understood that I am not necessarily at this time agreeing to subscribe to a declaration made outside the United Nations. I am not convinced that the possibility of giving an adequate warning through the United Nations has yet been thoroughly explored. I realize that a declaration made through the United Nations might have to be somewhat milder in language than that proposed by the United States but this might be advantageous rather than disadvantageous, providing that the modification did not remove all warning significance from the declaration.

DEA/50069-A-40

174.

Message personnel du secrétaire d'État des Relations du Commonwealth du Royaume-Uni pour le secrétaire d'État aux Affaires extérieures

Personal Message from Secretary of State for Commonwealth Relations of United Kingdom to Secretary of State for External Affairs

SECRET [London], December 22, 1951

KOREA ARMISTICE TALKS

Your personal message of December 15th has been discussed with Foreign Secretary and was considered by Cabinet yesterday when they had before them United States suggestions for further amendments of the draft statement.

As our High Commissioner will inform you we have told the United States that we are prepared to accept their amended text but have at the same time made it clear that this is subject to further discussion between the United States, United Kingdom, Canadian, Australian, New Zealand and South African Governments, and that in particular we think there is much force in your criticism (which we have not ascribed to you by name) about the use of the term "aggression". I assume that you will now have yourself put this point to the United States Government and we should be very glad to learn of their reactions from you.

With reference to paragraph 6 of your message we have also told the Americans that we agree with you that action by the United Nations would be preferable if it is practicable. But is it? We should be most grateful for your further views on this point having regard first to the general acceptability to the Assembly of the draft, as now revised, and secondly to the possibility of Soviet or Egyptian opposition leading to an undesirable split vote in the Assembly, and probably to long and acrimonious discussion of the whole Korean issue there. There is also the possibility of certain States abstaining on a resolution implying risk of an extension of hostilities to other parts of Asia. We might therefore find any resolution so watered down to secure the necessary majority as to become unacceptable to the United States Government. In all the circumstances our own feeling is that most practical solution might be for statement to be addressed to the Assembly by the powers with forces in Korea.

175. 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-2430 Ottawa, December 22, 1951

TOP SECRET. MOST IMMEDIATE.

Reference your WA-4268 of December 20.

PROPOSED DECLARATION AFTER A KOREAN ARMISTICE

1. I regret that my message to you, EX-2406, of December 20 containing my redraft of the last two sentences of the declaration and setting forth my views on how to bring the declaration within the United Nations, did not reach you in time to be of assistance to you in your interview with Hickerson on Thursday afternoon.

2. On December 20 I repeated to London my telegram EX-2406. I also requested our High Commissioners in Australia, New Zealand and South Africa to inform these three Governments of the amendment which I had suggested of the last two sentences of the declaration, and the views set forth in paragraph 3 of my telegram to you No. EX-2406.

3. It appears, however, that your compromise draft of the last two sentences has been forwarded to London and, according to a message which I have just received from Lord Ismay, accepted by the Cabinet there. This puts us in somewhat of a difficulty. The last sentence of your compromise we are now prepared to accept, though I still think that our original wording is preferable. However, in the revision you suggest to the first sentence, you refer to the possibility of the armistice being broken by "another act of aggression". The use of this language might be interpreted to mean that the Security Council or the General Assembly would have to declare that another act of aggression had taken place before action was possible. Our draft, on the other hand, regarded any breach of the armistice which constituted a challenge to the principles of the United Nations as a continuation of the old aggression. For this reason, we prefer our original draft of this first sentence and hope that the State Department will agree to it. I have informed Clutterbuck, who called on me this morning, to this effect.

4. So far as the relationship of the declaration to the United Nations is concerned, we will not press for any U.N. resolution embodying its terms. We would hope, however, that the U.N. could endorse the declaration in some way, or at least that it could be brought formally to its attention. In the note which Clutterbuck left with me from his Secretary of State, he suggests that the most practical solution would be for the declaration to be addressed to the Assembly by the powers with forces in Korea, though he does not indicate how this should be done.

DEA/50069-A-40

176.

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-4290 Washington, December 26, 1951

TOP SECRET

Reference: Your EX-2433 of December 24th† (received December 26th).

PROPOSED DECLARATION AFTER A KOREAN ARMISTICE

1. I left a memorandum with Alexis Johnson on the morning of December 24th. I judge from what he said that there is unlikely to be any difficulty here in substituting reference to a breach of the armistice for the term "aggression" used in the State Department's draft. Johnson said that the word "aggression" had been used to make it clear that the warning would apply only in the event of a renewal of the war in Korea in violation of the armistice, and not to incidents short of this. I told him that we should certainly have no objection to their adding to our proposed redraft a qualifying adjective, such as "major" or "serious" before the words "breach of the armistice". He and Hickerson have both told me that they saw merit in our comment that if the word "aggression" were used it could be interpreted as requiring a finding by the Security Council or General Assembly before action could be taken.

2. I also have had a word with the Secretary of State on limiting this part of the declaration to a violation of the armistice, and he appeared to agree.

3. I asked Johnson whether they were contemplating an extension of the 30-day limit for agreement on the line of contact under item 2 of the agenda for the armistice talks. He said that as the battle-line had not changed during the 30 days it would not be necessary to secure an extension, but agreed that if on December 27th it looked as though the remaining points at issue might be resolved within a brief period an extension to a specific date might help to secure the completion of the negotiations.

4. Since the memorandum left with Johnson varied in some minor details from the version given in your EX-2433, I am repeating it in my following message. None of the differences is of any importance, but if you are giving the memorandum wider circulation it will be well to use the exact text handed to the State Department.

177. 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-4291 Washington, December 26, 1951

TOP SECRET

Reference: My immediately preceding teletype.

PROPOSED DECLARATION AFTER A KOREAN ARMISTICE

The text of the memorandum given the State Department on December 24th is as follows:

1. If an armistice is concluded in Korea, the government of Canada is prepared to concur in the publication of a warning declaration by the governments with combat forces in Korea, provided that a change is made in the last two sentences of the draft submitted to the Canadian Embassy by the Department of State on December 18th and that the Department of State is in agreement with the understandings set forth below.

2. On the text of the declaration, the Canadian Government considers that the warning in the last paragraph should be restricted to Korea and should refer to a serious breach of the armistice rather than to an act of aggression. The purpose of the declaration is to seek to ensure the faithful observance of the armistice by the Communists until a political settlement can be achieved. Furthermore, the use of a term "another act of aggression" instead of "breach of the armistice" might be interpreted to mean that the Security Council or General Assembly would have to find that a new act of aggression had taken place before action was possible. The adoption of the following language in these sentences would meet this point:

"We affirm that if there is a breach of the armistice which challenges again the principles of the United Nations we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea".

3. The Canadian Government would prefer that the warning of the consequences in the final sentence of the declaration should be in less specific language such as: "The consequences of such a breach of the armistice would be so grave that it might then prove impossible to confine hostilities within the frontiers of Korea". It is, however, prepared to accept the stronger language suggested by the Department of State if the other governments concerned consider that this would be acceptable.

4. It is the understanding of the Canadian Government that participation in the declaration does not commit the parties to any particular form of sanctions if a major breach of the armistice takes place.

5. It would be preferable for the declaration to be made by the United Nations rather than by the sixteen governments with forces in Korea, but the serious difficulties in the way of embodying a satisfactory declaration in a resolution of the United Nations are recognized. The Canadian Government, however, is firmly of the opinion that the declaration should, if possible, be endorsed in some way by United Nations' action, or at the very least brought formally to the attention of the United Nations.

6. An early expression of the views of the Department of State on these suggestions would be welcomed.

DEA/50069-A-40

178.

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-4296 Washington, December 26, 1951

TOP SECRET. IMMEDIATE.

Reference: My messages WA-4290 and WA-4291 of today.

PROPOSED DECLARATION AFTER A KOREAN ARMISTICE

1. The State Department has this afternoon given us a new wording for the last two sentences of the draft declaration, which has been prepared in order to meet both the Canadian criticism and criticism made by some other governments. Their new draft reads as follows: "We affirm, in the interests of world peace, that if there is a renewal of the armed attack, challenging again the principles of the United Nations, we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea".

2. They are most anxious to get the concurrence of the governments consulted by Friday at latest, a main reason being that the negotiations about the supervision of the armistice are making no real progress and they therefore want to be able to inform Ridgway that he can rely on the publication of the declaration. This would enable the United Nations negotiators to make some concessions which they otherwise are not prepared to propose.

3. The new language is designed to make clear the following points:

(a) That the pledge applies to Korea only;

(b) That it would be effective only during the period of the armistice;

(c) That counter-action against a renewed attack would be undertaken without seeking new authority from the United Nations.

4. We were also given verbal comments on the other points made in our memorandum of December 24th. On our suggestion in paragraph 3 that the Canadian

Government would prefer less specific language in the final sentence of the declaration, their view is that the language proposed is as unprovocative as can be devised if the necessities of the situation are to be met; no other government has proposed less specific language, except the British Government which has now agreed to the stronger version. On paragraph 4, the State Department agrees that the declaration does not commit the parties to any particular form of sanctions, commenting that the action required in the event of a renewal of the war must depend on the military situation at the time. On paragraph 5, they certainly hope it will prove possible to secure an endorsement of the declaration by the General Assembly and will work to this end.

5. Of the governments already consulted, the United Kingdom, Turkey and Greece have definitely accepted the United States proposals; Belgium and the Netherlands are prepared to go along with whatever the United Kingdom approves; South Africa, Australia and New Zealand do not seem to have approved specifically as yet; no word has been received from the French Government. They have not extended the consultations yet to include Thailand, the Philippines, Ethiopia and Colombia, presumably on the ground that they wish to get an agreed text between the 12 other governments before approaching them.

179. 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-2441 Ottawa, December 27, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 2298.
Reference: Your WA-4296 of December 26.

PROPOSED DECLARATION AFTER A KOREAN ARMISTICE

Following from Under-Secretary, Begins: We have examined the text of the last two sentences submitted by the State Department and consider that, although there is still room for improvement, we need not press for any further revisions, in view of the attitude of the United States and other governments with forces in Korea.

2. The revised text meets our essential requirements as stated by the Minister and discussed by him with the Prime Minister. For this reason, I do not propose to consult the Minister again before authorizing you to tell the State Department that we now give our agreement to the wording of the declaration on the understanding, already settled, that agreement to it does not commit the parties to any particular form of sanction. You are accordingly authorized to communicate to the State Department the agreement of the Canadian Government. Ends.

5e PARTIE/PART 5
AIDE À LA CORÉE
KOREAN RELIEF

PCO

180.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 56-51 — Ottawa, February 20, 1951

CONFIDENTIAL

CANADIAN CONTRIBUTION TO THE UNITED NATIONS PROGRAMMES FOR KOREAN AND PALESTINE RELIEF

A. *Korean Relief*

On November 22, 1950, Cabinet authorized the Canadian Delegation to the General Assembly to agree that the Canadian Government, subject to Parliamentary approval, would contribute to the United Nations Relief and Rehabilitation Programme in Korea 3.2% of the total funds required for the period January 1, 1951 to early 1952, subject to the condition that the contribution should not exceed $8 million.

2. The Report of the United Nations Negotiating Committee made public on February 1, 1951, indicates that a total sum of approximately $225 million has been offered, the largest offers being as follows:

	Millions of $ U.S.
United States	162.50
United Kingdom	28.00
Canada	7.50
Thailand	4.37
Australia	4.30
Philippines	3.73
Brazil	2.70
Uruguay	2.14

3. The decision of the Unified Command to remain in Korea, and the likelihood that it will continue to control all South Korea, mean the creation of a relatively stable situation for both immediate and long-term planning. An Agent-General for Korean Relief has been appointed and is now making a preliminary survey in Korea. The Unified Command states that the need is now greater than ever since the country has been thrice fought over; physical destruction is greater; large numbers of destitute refugees crowd the area held by the United Nations and adjacent islands; and the Chinese Army is carrying typhus to the civilian population.

B. *Palestine Relief*

4. On June 12, 1950, Cabinet, after authorizing a Canadian contribution of $750,000, to the United Nations Relief and Works Agency for Palestine Refugees, directed that the head of the Agency be informed that:

"If the initial sum of $750,000 has been fully used up or earmarked for programmed purchases in Canada by December 31, 1950, and if he requires more funds, the Canadian Government would give sympathetic consideration to a request for a further $750,000."

5. In a telegram dated January 2, 1951, the Director of the Agency, General Howard Kennedy, urgently requested a further contribution of $750,000 for the period January to June 1951. As of this date the original contribution has all been used or earmarked for programmed purchases in Canada.

6. *It is recommended that* Cabinet authorize, subject to Parliamentary approval, the contribution by the Canadian Government of $7.2 million to the United Nations Relief and Rehabilitation Programme in Korea, and of $750,000 to the United Nations Relief and Works Agency for Palestine Refugees, the total sum of $7.95 million to be voted in the final supplementary estimates for 1950-51.[66]

[L.B. PEARSON]

181. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, March 19, 1951

. . .

KOREAN RELIEF

(cf. Heads of Division Meeting No. 10 of March 12, 1951)

39. *Mr. McInnes.* J. Donald Kingsley, Agent-General for Korean Relief, recently returned to Geneva from Korea, visiting New York en route to communicate his findings to the United Nations Secretariat. It was his opinion (subsequently amplified by a Press Conference which he gave in Geneva and which was fully reported in the *New York Times* of March 11) that UNKRA would have to be "completely integrated" with the Unified Command.

40. Our Delegation to the United Nations was instructed to enquire whether Kingsley's views represented those of the United Nations, and also to express our belief that such an arrangement would not be acceptable to the contributing nations. Meanwhile protests had been received by the Secretariat from a number of delegations; and Cordier informed CPDUN that he was "not happy" about the situation. CPDUN then approached the United States Mission which, though apparently reluctant to discuss the matter, admitted that the question of the status of UNKRA was very much a subject of concern to the State Department and the Unified Com-

[66] Approuvé par le Cabinet, le 21 et 22 février 1951./Approved by Cabinet, February 21 and 22, 1951.

mand. The United States Mission emphasized that no final or definite arrangements had yet been made.

41. We also expressed concern over Kingsley's proposal to operate Korean relief from Geneva as Director-General of IRO. While we had known that he would be carrying on both jobs simultaneously, we had assumed that since IRO was winding up this year, Kingsley would be able to devote more attention to Korean relief. Such is apparently not the case, and Kingsley is presently proposing to send his deputy, Rucker, to Korea and to remain himself in Geneva. We asked our delegation in New York to look into the matter and to suggest informally, but in definite language, that we do not regard Kingsley's absentee Agent-Generalship with favour and that we feel, in any case, that he should not have assumed this position nor made his Geneva statement without a prior meeting of the Advisory Committee. The United Nations Secretariat is also dissatisfied with the proposed arrangements to have the headquarters of UNKRA in Geneva, as well as with the relationship between UNKRA and the Unified Command, and is anxious that the Advisory Committee be called.

42. It does not appear that anything final can be done until after the meeting of the General Council of the IRO in Geneva on April 9. This meeting will consider not only IRO problems, but also the confirmation of the appointment of Kingsley as Agent-General for Korean relief. If, as is expected, it confirms his appointment, he can then appear before the Advisory Committee.

. . .

182. DEA/8254-G-40

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

DESPATCH 302 New York, April 6, 1951

SECRET

Reference: My teletype No. 364 of April 3, 1951,† and previous communications.

AGENT-GENERAL FOR KOREAN RELIEF

1. We have acquired from members of the Secretariat and other delegations a certain amount of additional information concerning the position of Mr. Kingsley and of UNKRA. We understand that immediately after Mr. Kingsley made his ill-timed definition of policy in Geneva, he was sent by the Secretary-General an extremely strong reprimand. To this reprimand Mr. Kingsley replied with an equally strong retort. We are not aware of the exact contents of either of these communications, but we are told that Mr. Kingsley took a somewhat high handed attitude to the United Nations and any efforts on the part of the Secretariat to interfere in the work of himself or the Unified Command. Apparently, however, he repented

in a short time and sent an apology. Colonel Katzin was then despatched to Geneva to tell Mr. Kingsley that he was not to issue statements on policy and also to tell him of the serious concern held by some governments regarding the status of UNKRA. Colonel Katzin came back to New York on Wednesday, April 4, and Crepault had a talk with him yesterday concerning the results of his negotiation.

2. According to Colonel Katzin, he was able to convince Mr. Kingsley that it would be disastrous to the whole Korean relief operation if care wasn't taken to assure UNKRA's autonomy. It was pointed out to Mr. Kingsley that for him to try to sweep aside political considerations in a venture of this nature would certainly undermine the confidence of those governments which had assented to his appointment and might jeopardize the whole financial basis of the operation. Colonel Katzin was confident that Kingsley finally appreciated the well-founded necessity of this approach, and agreed to inform Unified Command immediately of his "conversion". You will find as an annex† to this despatch the text of the telegram which Mr. Kingsley subsequently sent to the United Command and which was shown to us by Colonel Katzin in strict confidence.

3. It will be seen by this communication that Mr. Kingsley has modified to some extent his original position, and that he now seems prepared to adopt a more sensible course of action. This so-called declaration of intentions has not yet, of course, been concurred in by MacArthur, but the Secretariat have confidence that the State Department and the Army, who have already agreed apparently to this arrangement, will succeed in making the General understand. You might wish to let us know of your own reaction to this communication by Mr. Kingsley to the Unified Command.

4. We may add that some of the strong feeling in the Secretariat had not only been due to what Mr. Kingsley had said in public, but to private information concerning the agreement reached between General MacArthur and Mr. Kingsley in Tokyo. Colonel Katzin, on the occasion of a visit to Hickerson of the State Department, was able to see a telegram which General MacArthur had sent to Washington, describing the agreement and expressing his complete confidence in Mr. Kingsley's understanding of the facts of life.

5. The fact that Kingsley started off badly was, of course, unfortunate. He had two strikes on him to begin with because of the way in which he had been sponsored for various positions by President Truman; and his disregard of UNKRA and his press releases have created a gulf between him and the Secretariat which might delay genuine cooperation. Strangely enough, some members of the Secretariat seemed to have enjoyed the difference of opinion and showed a tendency to magnify Mr. Kingsley's offences. This was particularly untimely when a sense of proportion was necessary.

6. There obviously cannot be established in Korea a relief agency which is entirely independent of military facilities. What seems to be required is a workable arrangement by which military facilities will be used to the best advantage, while the United Nations maintains control over the general political aspects of policy. To judge from his talk with Mr. Berlis as reported in your despatch No. V-587 of March 28,† Mr. Kingsley himself had tended to obscure the issue. By implying that

those who differed from him were advocating an unrealistic separation, he almost ridiculed those who advocated a moderate solution along with those who were ignoring the exigencies of the situation. In our view his recent change of heart, if accepted by all, should do much towards eliminating the basic differences of approach and should help considerably in bringing this whole incident to a close.

7. You will recall that in my teletype under reference I mentioned that Sir Arthur Rucker will be passing through New York on his way to Korea. It has now been agreed further that Sir Arthur will probably need about a month in Korea to familiarize himself with the problems at hand and to hold the necessary consultations with the Korean authorities and the members of UNCURK. Upon his return to New York he will then officially meet with the members of the Advisory Committee and Mr. Kingsley will also come to New York for the occasion. Colonel Katzin was, however, unable to confirm whether Mr. Kingsley would remain in New York afterwards or whether he would abide by his original belief that the Korean relief operation could be run as efficiently from Geneva. We were actually given the impression that, in the opinion of the Secretariat, this is a matter which should be dealt with between Mr. Kingsley himself and the Advisory Committee. It may be now, in view of Sir Arthur's appointment, that Mr. Kingsley's residence either in New York or in Washington might not be as essential as before. You might wish to give further consideration to this problem and to let us know at your convenience whether we should still continue to insist that the Agent-General should establish his headquarters in some place other than Geneva.

8. Mention might be made in conclusion of two very unfortunate recent developments in the field of Korean relief. Both the Thai contribution in rice and the New Zealand contribution in wheat were spoiled and totally inedible on arrival in Korea. Both contributions were reported to have been dumped in the sea. It is not too surprising that facilities for shipment in Thailand were not good, but such carelessness on the part of the New Zealanders is somewhat harder to understand.

9. I am also enclosing in duplicate some material on Korea which has been kindly made available to us by the Australian Mission to the United Nations. I think that this documentation provides some useful and interesting supplementary information on the subject discussed in this despatch.

J.W. HOLMES

DEA/8254-G-40

183.

Le secrétaire d'État aux Affaires extérieures
au représentant permanent par intérim auprès des Nations Unies

Secretary of State for External Affairs
to Acting Permanent Representative to United Nations

DESPATCH V-722 Ottawa, April 18, 1951

SECRET

Reference: Your despatch No. 302 of April 6, 1951.

AGENT-GENERAL FOR KOREAN RELIEF

We have noted with considerable gratification the attitude which Mr. Kingsley is apparently prepared to adopt in regard to the status of UNKRA *vis-à-vis* the Unified Command. If he can succeed in having the military authorities agree to an equitable division of responsibility for relief operations in Korea along the lines proposed in his telegram of March 30,† I should think that most of the causes of our own dissatisfaction and that of other contributing countries would have been removed.

2. As you know, we have not been disposed to challenge the authority of the Unified Command to exercise control over certain phases of relief activities in Korea, so long as active military operations were being conducted in that country. At the same time, we could see no justification for the complete integration of all relief and rehabilitation agencies under the military command as implied in Mr. Kingsley's statement to the *New York Times* representative on March 10. The proposals now outlined by Mr. Kingsley in his telegram to the Unified Command would, you will agree, go a long way toward meeting our point of view. It would seem particularly desirable to us that certain functions, such as the provision of technical advice and assistance to the Korean Government and the initiation of rehabilitation activities in areas not now the scene of military operations, be assumed by UNKRA at this stage, so that the Agency might be well established in the field as and when the military situation permits a transition from military to civilian control. This, you will recall, figured prominently among the desiderata outlined by Mr. Plimsoll, the Australian representative on UNCURK, the substance of whose views was transmitted to you under cover of our despatch No. V-601 of March 30.†

3. In view of Mr. Kingsley's intention to have his Deputy, Sir Arthur Rucker, establish his headquarters in Korea and assume overall and direct responsibility for all phases of relief and rehabilitation operations in which the interests of the military authorities would not appear to be directly involved, I doubt if, for the time being, we should continue to insist too emphatically that Mr. Kingsley establish his operational headquarters in some place other than Geneva. With a competent Deputy in Korea and what we assume will be a more propitious atmosphere in Tokyo, there would no longer seem to be the same urgency for Mr. Kingsley's presence in either Korea or the United States until UNKRA can assume complete responsibility for the relief and rehabilitation programme in Korea.

4. In the light of these considerations, there is probably no immediate need to press for a meeting of the Advisory Committee to discuss the questions of (a) the relationship between UNKRA and the Unified Command, and (b) the proposed headquarters of the Agent-General. Nevertheless, there would be no harm in raising these questions if, as intimated in your teletype No. 364 of April 3,† an informal meeting is held during Sir Arthur Rucker's stay in New York. The firm support of the members of the Advisory Committee for Mr. Kingsley's latest proposals to the

United Command might well be required to ensure the acceptance and eventual implementation of these proposals.

A.D.P. HEENEY
for Secretary of State
for External Affairs

DEA/8254-G-40

184.

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to United Nations

TELEGRAM 371

Ottawa, May 23, 1951

CONFIDENTIAL. IMPORTANT.

Reference your Despatch No. 469 of May 16.†

PROPOSED PROGRAMME FOR UNKRA

Following from Under-Secretary, Begins: We understand that the Advisory Committee of UNKRA is meeting on May 23 and that Pollock has already given you the preliminary views of the Department of Finance on the Agent-General's proposed programme for the twelve-month period ending June 30, 1952.

2. As you know, Kingsley visited Ottawa on May 17 in his dual capacity as Director-General of IRO and Agent-General for Korean Relief. He had an interview with the Minister from which the following emerged as the salient points:

(a) He expressed warm appreciation for the Canadian contribution of $7.25 million which, as the only cash contribution to date, had been "very helpful". This confirms your view that our contribution and our representations have made our voice one which is listened to in UNKRA councils;

(b) Kingsley outlined a fresh agreement recently negotiated with General Ridgway. Under its terms, UNKRA is to function with complete independence in the technical assistance field, but will continue to distribute supplies under UNCAC [sic]. Kingsley regarded this as a realistic compromise, while admitting that the situation was difficult because of the presence of an army-in-being;

(c) He briefly outlined the twelve-month programme to go into effect on July 1. He stressed that the emphasis was on reconstruction rather than on relief, but added that the programme could be put forward from "quarter to quarter" if the need arose, thereby inferring that its implementation was heavily dependent upon the changing phases of the Korean war;

(d) Kingsley proposed shortly to establish a procurement office for UNKRA in Canada;

(e) Kingsley hopes to secure the assistance of the Department in obtaining the services of a Canadian as Assistant Agent-General for Korean relief (i.e., the number three man) with headquarters probably in New York.

3. The total impression received from the interview, despite the outlines of fresh agreements and programmes, was that Kingsley was to some extent whistling in the dark. There appeared to be an undercurrent of slightly cynical fatigue running through his talk, as if in acknowledgment of the difficulties of implementing his plans with any success so long as the present phase of the Korean war continues. (It is possible that the Minister may wish to add to or modify this summary of the interview, and any comments which he may have to make will be sent to you immediately by telegram.)

4. We would suggest that, at the meeting of the Advisory Committee, you make the following points:

(a) The desirability of the maximum independence of UNKRA from the Unified Command which may be consistent with the military situation;

(b) The hope that the Canadian contribution will be used for procurement rather than administrative costs, and that, though the gift is untied, some proportion of it may be spent on Canadian commodities;

(c) While we cannot criticize in detail the Agent-General's programme, it seems to us that, as a matter of broad principle, there is a danger of too much emphasis being placed at this time on long-range rather than short-term projects.

5. I believe you are aware that Finance attaches particular importance to the necessity for co-ordination in the field and the avoidance of duplication of effort amongst the various agencies working in Korea.

185. DEA/8254-G-40

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

DESPATCH 500 New York, May 24, 1951

CONFIDENTIAL

Reference: My despatch No. 491 of May 22, 1951,† and previous correspondence.

ADVISORY COMMITTEE TO UNKRA

1. The Advisory Committee to UNKRA met again yesterday to elect a chairman, to complete its examination of the financial regulations for UNKRA, and to consider the Proposed Programme and Plan of Expenditure of UNKRA, as outlined by the Agent-General in his document of May 11, 1951.

2. Following receipt of your teletype No. 370 of May 22,† we explained to the U.K. and U.S. representatives our inability to accept the chairmanship of the Com-

mittee. Mr. Corley Smith of the U.K. agreed with Dr. Lubin that it was doubtful whether Uruguay could be a suitable chairman for such a Committee; they thought, on the other hand, that the election of India to the post could easily prove embarrassing, since she had so far found it impossible to contribute to the Korean programme; and secondly, in view of India's general attitude towards the Korean question. In the light of this situation the U.S. representative withdrew his objection to having the representative of a great power as chairman of the Committee, and Mr. Corley Smith was unanimously elected chairman.

3. The Committee then considered the text of the financial regulations as revised at its meeting of Monday, May 21. The Committee confirmed the decision reached at its previous meeting that these draft regulations were now effective on a *provisional* basis, subject to final concurrence by the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions. A copy of the revised financial regulations† is attached for your information.

4. The Proposed Programme and Plan of Expenditure of UNKRA was introduced by Mr. Kingsley. We had previously been told, on a confidential basis, that this Programme had been prepared mainly for the purpose of convincing the U.S. Congress of the urgent need for funds for UNKRA, and of the magnitude of the task ahead. This explained the emphasis in the Programme on long-term projects and its somewhat unrealistic approach in the light of the present situation in Korea. The U.K. authorities had, in fact, been disturbed by the scale and the lavishness of the Plan outlined in this document of May 11, 1951, prepared by Mr. Kingsley, and Mr. Corley Smith had been instructed to explain at the meeting of the Advisory Committee the misgivings of his government about such a Plan. Mr. Kingsley's introductory remarks, however, succeeded in dissipating whatever apprehensions the members of the Committee might have had about the scope of the proposed Programme. Mr. Kingsley made it clear that the Plan had been drafted on the assumption that it would ultimately be possible to carry out in Korea a full programme of relief, rehabilitation and reconstruction. He pointed out that the implementation of such a plan at the moment was, of course, impossible, and that this document should be looked upon only as a maximum framework within which the Agency might, at a later date, be called upon to operate. For the time being, the activities of the Agency would be limited, and probably confined to technical assistance and to such emergency relief as might be of assistance to the military authorities.

5. The organization of the Agency's administrative services would, therefore, proceed only on a scale appropriate to the tasks which may be implemented now. There will be an office in Pusan under the direction of General Lloyd from Australia; a liaison office would be established in Tokyo under the direction of a retired Major General from the U.S. Army. Other liaison and procurement offices would be set up as the need arose. There would, of course, be an immediate need for an office in New York, one in Washington and one in Geneva, where accounts would be handled, since Mr. Kingsley himself would be remaining in Geneva for some time to come. Mr. Kingsley estimated that the setting up of the required administrative machinery, including the purchasing of a certain number of trucks and jeeps,

and the construction of a suitable house in Pusan, would cost approximately between $1,500,000 and $2,000,000.

6. Mr. Kingsley's remarks about the nature of the future activities of the Agency and about its relationship with the Unified Command would appear to have been similar to those which he made in Ottawa on the occasion of his recent visit. He seemed well convinced now of the necessity of having an Agency independent from the Unified Command, to the extent that it does not conflict with the military operations; he mentioned the agreement which was recently worked out between Sir Arthur Rucker and General Ridgway, the text of which is at present under consideration in Washington by the officials of the Unified Command. He did not hide the fact that the operations of the Agency in Korea would have to be handled very carefully so long as the military campaign continued. It was natural, he said, for the Unified Command to insist that the operations of the Agency should not interfere in any way with the conduct of the war.

7. After various comments by the members of the Committee it was agreed that the Proposed Programme and Plan of Expenditure, as submitted by Mr. Kingsley in the document dated May 11, 1951, would be placed "on ice", and that the Agency would actually be operating on the basis of periodical programmes approved by the Committee, and which will have been submitted by the Agent-General as their implementation appeared practicable. Attached for your information are two copies of the text† of the resolution which the Committee approved unanimously, and which will now enable the Agency to begin operating. This resolution met the wishes of the Agent-General satisfactorily, and at the same time, we thought, safeguarded the right of the Advisory Committee to exercise a closed control over the "quarter to quarter" programmes on which the Agency would actually be operating in Korea.

8. In the course of the discussion on the Proposed Programme, the U.K. representative made a statement concerning the U.K. contribution which was, we thought, a little disturbing. We are reporting on this point in a separate communication.

9. Upon adjourning, the Committee agreed that the next meeting of the Committee should be tentatively scheduled to be held in Geneva, either during or shortly after the Thirteenth Session of ECOSOC. It was pointed out that the activities of UNKRA would be on the agenda of ECOSOC, and that all the members of the Committee were members of the Council.

10. I might add that in the course of the general debate, I made the various points outlined in paragraphs 4 and 5 of your teletype no. 371 of May 22. As indicated in previous communications to you, these various points had already been mentioned informally to the Secretariat, as well as to Sir Arthur Rucker. In order to make point B of paragraph 4 of your teletype, I thought it best to generalize the comment to a request that quite apart from the question of spending contributions made in soft currency, it was desirable that the agency would spread its procurement of supplies as broadly as possible. I made it clear that what we had in mind was the spending of the Canadian contribution as much as possible in Canada, but in view of the fact that the Advisory Committee is so very small and is intended to act as trustee for all the United Nations, I hesitated to state what might have been looked

upon as a bad example by using it as a forum in which to put forward a request purely on behalf of our own government. Mr. Kingsley said that he knew exactly what I was driving at and would endeavour to see that this request was carried out in so far as possible.

11. I am reporting in a separate despatch† on the openings which might be available in UNKRA for Canadian nationals.

JOHN W. HOLMES

DEA/8254-G-40

186.

Le représentant permanent par intérim auprès des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Under-Secretary of State for External Affairs

New York, May 24, 1951

LETTER NO. 502

CONFIDENTIAL

Reference: My despatch No. 500 of May 24, 1951.

CONTRIBUTIONS TO KOREAN RELIEF

1. There was one aspect of yesterday's meeting of the United Nations Advisory Committee on UNKRA which was not included in our report in despatch No. 500, as I wished to deal with it separately.

2. In outlining his short term intentions, Mr. Kingsley's emphasis was on gradual expansion, on a more or less ad hoc basis, as circumstances permitted. He was anxious to indicate to the Committee that he did not intend to spend all the funds available as soon as possible in a grandiose establishment which might be needed at a later stage but which was not appropriate for the present interim period. In outlining this approach, he implied that it might be possible to make drawings from government contributions by stages.

3. This point made by Mr. Kingsley was picked up by the United Kingdom Representative, Mr. Corley Smith, who was under instructions to make an explanation about the United Kingdom contribution. Mr. Corley Smith, in referring to the principle enunciated by the Agent General, said that although the United Kingdom Government intended to proceed with the appropriation of ten million pounds as promised, they would not release the full amount immediately. They would release a certain amount for the interim program but could not make the full contribution available until they had an opportunity to study and approve the long range plans for post-hostilities operations and consider the circumstances in which these would be implemented.

4. This was the first time I had heard of these intentions on the part of the United Kingdom, and it seemed to me they had disturbing implications. I pointed out therefore that although I liked the Agent General's emphasis on gradual expansion and the use of funds only as necessity determined, nevertheless the situation was

thereby complicated for countries which had already made their full contributions. I thought it necessary to point out that the size of our contribution, like that of all countries, was determined by the calculation of what seemed our fair share in relation to contributions promised by other countries. If a general principle were to be established by which subsequent contributions were to be in stages, with the possible implication that they might not eventually be paid in full, then the early contributors would have paid more than their share. It seemed to me furthermore that the establishment of such a principle would have a demoralizing effect on contributors. We would probably have hesitated ourselves to pay the full amount at the beginning. Nevertheless the Canadian contribution, coming at the time when it did, had been of crucial importance to the Agency. It seemed to me that the Agency, if it were to make any rational plans for operation, would need quickly further contributions in full from other governments.

5. Mr. Corley Smith, who was, I think, somewhat embarrassed by his instructions, proceeded to go into a further explanation of the intentions of the United Kingdom. I was anxious not to be drawn into a bilateral argument with the United Kingdom Representative on the policy of his government in a forum of this kind, and I emphasized therefore that my intention was not to criticise one member but to oppose the recognition of a general principle of contributions in stages, at least without further consideration. The United States Representative, who seemed somewhat embarrassed by this discussion, concluded by pointing out that the prompt Canadian contribution in full had not only been important to the Agency but had also had a strong moral effect. In particular it was of very great value to the United States Administration in securing an appropriation from Congress. He touched on a vital point when he referred to the faith in the Agency which had been shown by the Canadian Government.

6. After the meeting Mr. Crepault and I discussed this subject further with Mr. Corley Smith. Mr. Corley Smith recognized our difficult position, and I think that he was not very happy about his instructions, but he indicated that there was nothing he could do about them. He said frankly that the reason for this policy was that the United Kingdom did not wish to be committed to a large contribution until they had seen a feasible plan of which they approved. Their attitude seems to be conditioned by considerable skepticism about proposals which Mr. Kingsley might make. Frankly he said that they were adopting this policy as a means of putting pressure on the Agency to be sensible. He did not think, however, that we had any serious reason to be disturbed, because we knew that the United Kingdom always fulfilled her obligations and that the money would be paid. I said that this was not really the point. The United Kingdom in fact was claiming a right which other countries did not claim. If they did not approve of the Agency's plans, they had a right to express their views and attempt to alter these plans in the Advisory Committee. What was unwarranted, however, was to attach financial pressure and to presume to influence the policy of the Agency by withholding funds. Although this might seem to be a reasonable principle when only one government was concerned, it was a principle which would make international activities of this kind impossible.

7. I should be grateful for your views on this subject. If you consider that the view which I adopted was unnecessary, I could easily explain our position, as I made it clear that I was expressing only personal and preliminary views. I was particularly anxious to challenge the U.K. policy in view of your instruction to ask that the Canadian contribution be spent for procurement rather than on administration costs. While presumably a certain proportion of all contributions must be spent on administration, the acceptance of the U.K. principle might well mean that the Canadian contribution would to a large extent be used for initial administration costs. If you agree that the United Kingdom attitude is unsound, you may wish to consider discussing this subject in London. My impression is that the policy decision was taken in London without an appreciation of the effects of such a policy on ourselves in particular and on the general work of the Agency. (Mr. Corley Smith and Sir Arthur Rucker implied that it was the work of the Treasury.) We have gone, I think, about as far as we can in the Advisory Committee by questioning this principle. From the comments of Mr. Lubin and Mr. Kingsley, I am sure they will do what they can to discourage the general adoption of the principle of withholding funds. The matter had, I think, been thrashed out between Mr. Kingsley and the United Kingdom authorities when he was in London, and his general comments on this subject were intended to imply his perfunctory acceptance of what the United Kingdom were determined to do. Neither the Advisory Committee nor the Negotiating Committee could presumably interfere with the right of the United Kingdom to make a contribution in whatever form it wishes. Nevertheless, if the second most important contributor does adopt this attitude, the effect on other contributors could be unfortunate. The effect might also be felt in subsequent programs of a similar nature. I should think it might very well inhibit the Canadian Government from making prompt payments in the future.

JOHN W. HOLMES

DEA/5475-EP-40

187.

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 V-2964 Ottawa, August 29, 1951

CONFIDENTIAL

Reference: Your Despatch No. 2526 of June 16, 1951.†

UNKRA AND THE FINANCING OF INTERNATIONAL RELIEF AGENCIES

You will recall that in my Despatch No. V-2202 of May 30, 1951,† I drew your attention to the proposal made by the United Kingdom representative at a meeting of the United Nations Korean Advisory Committee on May 23 that his Government release its contribution to UNKRA by stages, dependent upon study and approval of the long-range plans for the rehabilitation of Korea. We informed you of our

misgivings concerning the United Kingdom attitude, including the likelihood that it would make other governments reluctant to furnish prompt payments in the future, and we asked you to secure the views of the United Kingdom authorities.

2. In your despatch under reference you informed us of talks which you had had with Williams of the United Kingdom Treasury and Scopes of the United Nations (Economic and Social) Department of the Foreign Office, who explained that their proposal to withhold contributions to UNKRA did not represent the initiation of a general policy towards international organizations and agencies, but arose out of the particular situation in Korea. These officials also expressed "some surprise" at our interpretation of their policy and you yourself suggested that the United Kingdom did not, in fact, intend to exert financial pressure on UNKRA but was rather exercising extreme caution in view of the uncertainty surrounding the future of the Agency's operations.

3. In the light of your despatch we were not wholly satisfied that the United Kingdom authorities had foreseen all the implications of such an attitude. It appears to us that while they might think UNKRA a special case, the position taken by them would inevitably be used as an excuse by other governments when the question of contributions to other agencies arose. The Department of Finance shares our views, and its misgivings as to the prospects for the successful financing of international agencies have, of course, been greatly reinforced by the recent action of the House Foreign Affairs Committee of the United States Congress in reducing the United States contribution to UNKRA by $101,250,000. We should therefore be grateful if you would re-open the matter with the United Kingdom authorities on a more formal basis, reporting our doubts and seeking, if possible, some reassurance as to their long-term plans in this field.

4. Perhaps the most disturbing aspect of both the United Kingdom and United States attitudes is that they depart from the spirit in which contributions were pledged in the Negotiating Committee, and may thus make future international cooperation in this and related fields very difficult. In the case of the United Kingdom, their intermittent payment of contributions, even though they have indicated that they will ultimately honour their pledge, opens the way to serious difficulties. We can, of course, agree with their desire for the development of a sound and economical programme and we have already stressed the necessity for such a programme in ECOSOC, the General Assembly and the Korean Advisory Committee, but it seems to us that if each government were to decide to set its own standards of performance before releasing its contribution, it would lead to a situation in which the Agency would be unable to rely on a regular flow of funds without direct consultation with each large contributor involving, no doubt, undesirable pressures.

5. Will you please make these views known to the United Kingdom authorities. In doing so, you should point out that the United Kingdom, through its membership in ECOSOC, the General Assembly and the Korean Advisory Committee, is well able to exert a direct and continuing influence on the development of the programme. By refusing to make full use of these appropriate forces and by making an individual decision to curtail the flow of funds, the United Kingdom's action may well lead other governments to withhold payment of their contributions. You will

readily understand that if this were to occur, the responsibility for financing such essential relief operations would fall directly on the shoulders of those who have provided the funds: in this case, Canada. It seems to us that the line between "exercising extreme caution", and the actual withholding of funds is a very thin one indeed.

6. It will, of course, be amply evident to you that if the United States contribution is in fact finally reduced by the amount mentioned, it will be extremely difficult, if not impossible, to convince Cabinet and Parliament of the value to Canada of participation in future projects of this nature. We are therefore inclined to attach importance to the attitude of the United Kingdom.[67]

A.D.P. HEENEY
for Secretary of State
for External Affairs

DEA/5475-EP-40

188.

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 2827 Washington, September 7, 1951

CONFIDENTIAL

Reference: Your Despatch V-2823 of August 29, 1951.†

UNKRA AND THE FINANCING OF INTERNATIONAL RELIEF AGENCIES

1. As you know, the U.S. Administration included in their proposed Mutual Security Program for the fiscal year 1952, which was presented to the Congress, a request that $112.5 million be authorized and appropriated to help meet the U.S. contribution pledged to UNKRA. In addition, the proposed legislation contemplated authority to use unexpended funds, previously appropriated for economic assistance to Korea to the Economic Cooperation Administration, totalling $50 million. The total of these sums, if authorized and appropriated, would meet the United States commitment of $162.5 million for approximately the first year of UNKRA operations in Korea. It is, however, significant to note that in presenting their proposals, the Executive Branch pointed out that U.S. contributions of major amounts would be forthcoming only when agreement had been reached that UNKRA should assume full responsibility for relief and rehabilitation operations in Korea.

2. During the initial Hearings before the House Foreign Affairs Committee, Administration witnesses admitted that it was unlikely that anything like the total

[67] Une dépêche semblable, numéro V-2823, a été envoyée à Washington le 29 août 1951.
A similar despatch, numbered V-2823, was sent to Washington on August 29, 1951.

amount requested from Congress as the U.S. contribution would be spent by UNKRA in the current fiscal year. Subsequently, the House, following a recommendation of the House Foreign Affairs Committee, voted that authority be granted to the Administration to utilize $11,250,000 of new funds in addition to the unexpended funds appropriated to E.C.A. for economic assistance to Korea. It was recognized that the pipeline of U.S. supplies which would be in existence when UNKRA took over the relief and economic assistance operations in Korea would also be available. The House Committee and the House as a whole recognized that this sum represented only a downpayment and the House Committee report specifically pointed out that "the United States has responsibilities in this area and is prepared to consider further action at the appropriate time".

3. The Senate, in considering the Mutual Security Act, had before it a recommendation of its joint Foreign Relations and Armed Services Committees to the effect that $75,750,000 should be authorized in the fiscal year 1951-52 as a U.S. contribution to UNKRA. In addition, the Senate Committees recommended that authority be granted to transfer the $50 million previously authorized for E.C.A. purposes in Korea to help meet the UNKRA commitment of the United States. In this respect, the Senate Committees' report makes the following comment: "Since there will be a substantial carry-over of unexpended funds already appropriated for economic assistance to Korea by E.C.A. and from the pipeline of United States financed relief, it is believed that the authorization herein provided (i.e. $75,750,000) will be sufficient to meet the United States share in the United Nations program."

4. In acting on the Senate Committees' report the Senate as a whole, as an economy measure, voted a $6 million reduction in the funds to be appropriated to Korea. Thus, a House-Senate Conference Committee will convene about mid-September to iron out the differences between the House and Senate version of the Mutual Security Act, the House having recommended that not more than $11,250,000 of new funds be contributed to UNKRA, and the Senate not more than $69,750,000. Both the House and Senate agree that the $50 million formerly appropriated to E.C.A. for its Korean operations could be transferred to UNKRA. It is, of course, obvious that the Conference Committee cannot recommend as a U.S. contribution to UNKRA in the current fiscal year an amount greater than that approved by the Senate. It is also significant to note that in presenting the joint Senate Committees' report to the Senate, Senator Connally, the Chairman of the Senate Foreign Relations Committee, pointed out that the joint Committees had approved the authorization "with the thought that an appropriation will probably not be necessary at this session of Congress".

5. With this background information in mind, we discussed the problems raised in your despatch under reference with Joseph Carwell of the Far Eastern Affairs Section in the State Department. We pointed out that in the first place, the Administration itself, in its presentation to Congress, in effect, had recommended that the major part of the U.S. contribution should not be made to UNKRA until the agency was in a position to assume full responsibility for relief and rehabilitation operations in Korea. Moreover, the cuts imposed by the House and Senate in the authorizing legislation, and the possibility that no new appropriations will be available, might be interpreted by foreign observers as a lessening of the U.S. interest in the

proposed operations of UNKRA. In any event, the fact that the major contributor proposed to dole out its contribution to UNKRA would make future multilateral action in this and related fields extremely difficult. It would be particularly difficult for us to justify the full Canadian payment which, on the basis of present prospects, will be quite out of proportion to the total amounts to be contributed in the near future.

6. In reply, Carwell pointed out that at the time UNKRA was established and the U.S. contribution assessed, it seemed probable that the Agency could begin full operations without too much delay. At that time, the U.S. Administration had even considered seeking from Congress a special appropriation to meet the U.S. commitment. It had, however, soon become apparent that UNKRA could not begin full-scale operations in Korea for some time and that in the interim the responsibilities of the Unified Command for relief and short-term economic aid would be paramount. At the time the Administration was preparing its Mutual Security Program, the Defence Department was seeking special appropriations for civilian relief in Korea and, indeed, $50 million was appropriated for this purpose in January (the Department of Defence is seeking another $50 million for similar purposes at the present time). The Administration did not feel that it could honestly support, without prejudice to the more vital requirements under the Mutual Security Program and the appropriations sought by the Department of Defence, the full contribution to UNKRA in the current fiscal year, particularly as the sums contributed could not be utilized by the Agency. Thus, in view of the short-term operations of the U.S. Military in this field, they believed it would be useful to make some commitment to Congress to the effect that major contributions would not be made until UNKRA was prepared to assume full responsibility for relief and rehabilitation. He recalled that the cuts in the Administration's programme imposed by the Congress were not restricted to the U.S. contribution to UNKRA. With respect to UNKRA however, the Congressional cuts were based on the fact that the money could not be spent in any event, and the Administration, without prejudicing other parts of the Mutual Security Program, was not in a position to offer more than token resistance. Despite the suggestion by Senator Connally that appropriations would be unnecessary, the Administration will seek appropriations to the full extent of the amount authorized. Carwell said that it had been made unmistakably clear by the Congressional committees that the sums authorized represented only a downpayment and that the U.S. commitment to make its full contribution was unaffected. Carwell also emphasized that the State Department would be prepared to request from Congress the full amount of the U.S. contribution whenever it believed such a request would be met by the Congress and certainly as soon as the U.S. contribution could be made use of by UNKRA.

7. We thanked Carwell for these assurances, pointing out that we were not questioning the ability or the desire of the United States Government to fulfill its pledges to UNKRA. Rather, our concern was with the method by which the United States was apparently prepared to meet its contribution, the establishment of this method as a principle of making contributions to international organizations such as UNKRA, and our particular concern in that the Canadian Government had made

its full contribution, a contribution which would now be out of proportion to the total amounts which might be contributed in the near future.

8. Carwell stressed that the full Canadian contribution had been a great help to the Administration in appearing before Congressional committees. He said that our full contribution, in addition to the representations with which he fully sympathized, would be of assistance to the Administration in the Hearings before the appropriation committees.

W.D. MATTHEWS
for Ambassador

189. DEA/5475-EP-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 3826 London, September 13, 1951

CONFIDENTIAL

Reference: Your Despatch No. V-2964 of August 29th, 1951.

UNKRA AND THE FINANCING OF INTERNATIONAL RELIEF AGENCIES

In accordance with your instructions we re-opened on a more formal basis the question of United Kingdom policy concerning contributions to UNKRA and wrote the United Nations (Economic and Social) Department of the Foreign Office expressing the views contained in your despatch under reference. We have now had a talk with Dudley, Head of this Department of the Foreign Office, and can report with greater precision the United Kingdom position.

2. Dudley began by saying that he had a good deal of sympathy for the point of view expressed in our approach to the Foreign Office, and recognized that the problem of contributions to UNKRA was of importance to us both because of its general implications and because Canada had promptly paid its pledged contribution at the outset. But he felt that it was important, in understanding the United Kingdom position, to recall both the history of events in Korea and the background of the negotiations which had taken place between UNKRA and the Unified Command. He recalled that the General Assembly Resolution had been passed at a time when United Nations forces were pushing the Communist forces up the peninsula, and when the end of hostilities in Korea appeared to be in sight, with the prospect of the early implementation of relief and reconstruction measures applicable to Korea as a whole. These hopes were subsequently belied by military developments and the scope and character of the relief programme originally envisaged was affected as a result.

3. From Dudley's subsequent exposition of the United Kingdom attitude there appear to be two main reasons for the caution which the United Kingdom has been

exercising with respect to its contribution to UNKRA. The most important one is the uncertainty surrounding the whole question of the Agency's actual programme of operations in Korea. Dudley has pointed out that there was a delay of six months between the General Assembly resolution setting up the Agency and the conclusion of an agreement with the Unified Command allowing the Agency to commence work in Korea. Even then that agreement constituted only a partial authorization for limited purposes and provided for a form of technical assistance to South Korea rather than for the full-scale relief and reconstruction work originally envisaged by the Assembly for the whole of Korea. It is true that Mr. Kingsley contends that the approval which the Korean Advisory Committee gave to his report on May 23rd constituted full authorization for the proposed UNKRA programme of $250 million. In Dudley's view, however, this contention is without foundation since the Advisory Committee did not have the power to give such authorization and since the total amount of this programme had never received formal approval (as is reflected in the fact that the United Kingdom contribution was pledged on a sliding scale: £10 million for a total programme of $250 million and £8 million for a total of $200 million). In any case conditions in Korea itself render it impossible at the moment to draw up long-term relief plans, due to the uncertainty attendant on the truce negotiations. If large-scale fighting is renewed, the relief eventually required will probably be greater than was originally planned. On the other hand, it is likely that such relief will be confined to South Korea and may in this respect be more restricted than was envisaged in the original resolution. Because of the difficulties referred to above, UNKRA had not been able to carry out the general programme covering the period up to early 1952 envisaged by the Assembly's resolution. The current need was therefore to arrive at the formulation of the revised longer-term programme for Korea, and this would have to be tackled at the next Assembly.

4. The United Kingdom authorities therefore argue that in these uncertain circumstances it is not unreasonable to make their contribution available as the money can be spent, reserving payment of the full amount pledged until a full-scale relief plan can be drawn up and approved. In the meantime they have made £250,000 available and have pointed out to the Agent-General that a further £400,000 of the total of £10 million authorized by Parliament for the period ending March 31st, 1952 is in the form of a direct contribution to the United Nations, which the Secretary-General can spend at any time.

5. A second reason for caution, which has not been expressed in so many words but seems to underlie the United Kingdom attitude, is a certain concern lest the Agent-General might use funds available now to build up a formidable administrative machinery before the eventual shape of UNKRA's work can be clearly seen. The United Kingdom authorities feel that Mr. Kingsley is in any case too susceptible to the attractions of a large establishment and are apparently unwilling to put more temptation in his way than is necessary for the limited needs of this interim period.

6. We drew Dudley's attention to our concern that the cautious policy the United Kingdom has been following because of the special circumstances in this particular case might have disturbing implications with respect to the successful financing of international agencies if it were given general application. Dudley has given a cate-

gorical assurance, however, that it is not their intention to apply such a policy to other operations in this general field. Further, in the case of Korean relief, when it becomes possible to formulate a long-term relief programme in Korea, the United Kingdom will not be backward in providing its fair share of the contributions required.

7. Although they both have disturbing aspects for us, I think you will agree that it is necessary to draw a distinction between the matter of the United Kingdom contribution and the difficulties which have arisen in connection with the United States contribution. In the latter case the question involved is the total amount of the United States contribution and, if the recent reduction made by the House Foreign Affairs Committee of Congress is not restored, the United States will not be able to contribute the amount promised by the Administration. In the case of the United Kingdom, however, the amount promised has already been approved by Parliament and the only question is the rate at which it is to be spent.

8. You may also be interested to know that Dudley has been giving some preliminary thought to the discussion of Korean relief at the forthcoming session of the General Assembly. In his view one of the most important questions with which the Assembly will have to deal is the relation of UNCURK with UNKRA. He believes that, when conditions in Korea allow a full-scale relief programme to be undertaken, it will be both desirable and necessary that there be only one United Nations body in Korea to deal with it. This might be accomplished by making UNKRA the operating Agency in Korea and by withdrawing UNCURK from Korea and perhaps merging it with the Advisory Committee. Dudley emphasized, however, that these were not more than personal thoughts at this stage.

SAUL RAE
for High Commissioner

190. DEA/8254-G-40

La délégation permanente auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Secretary of State for External Affairs

DESPATCH 392 Geneva, September 20, 1951

CONFIDENTIAL

ADVISORY COMMITTEE OF UNKRA

During the 13th Session of the Economic and Social Council (September 1951) the Advisory Committee, United Nations Korean Reconstruction Agency, met in Geneva under the chairmanship of Mr. G.T. Corley Smith of the United Kingdom. The United States was represented by Mr. Isador Lubin, Head of the U.S.A. Delegation to ECOSOC. Delegates from India and Uruguay attended, and Canada was represented by Mr. James Sinclair, M.P., Parliamentary Assistant to the Minister of Finance, Miss B.M. Meagher of the Department of External Affairs, and Mr.

N.F.H. Berlis of the Canadian Permanent Delegation to the United Nations, Geneva.

2. At a preliminary meeting held for purely informational purposes, the Agent General, Mr. Kingsley who had recently returned from a trip to Korea, made a lengthy and very impressive statement describing conditions there, the present status of UNKRA operations, and possible long-term projects. He painted a most depressing picture of the situation in Korea and informed the Committee that, while valid statistics were next to impossible to obtain, his personal estimate was that South Korea has suffered about a two billion dollar loss in capital goods. He emphasized the fact that no loss of this magnitude would be made up directly by international assistance and urged that we should not merely attempt in Korea "a dreary task of relief" but that "we must so develop our programme and so utilize our resources that the Korean people themselves experience a sort of renaissance with all of the cultural, social and economic creativity implied in the term". Two copies of the text of Mr. Kingsley's statement are attached as Annex 1† to this despatch.

3. One of the most important items on the agenda was the question of initial long range programmes which might be undertaken by UNKRA. The programmes discussed were the following:

(1) Teaching hospital and revival of medical education
(2) Draught cattle project
(3) Coastal vessel programme
(4) Vocational training centres
(5) Medical rehabilitation
(6) Housing

It was explained by the Agent General that no approval for any of these projects had yet been given by the military authorities, but he was anxious to have the advice of the Committee so that negotiations could proceed. The only item not included in the original $250 million programme was that relating to coastal vessels, as it was originally thought that it would be necessary to use exclusively the military pipe line. The Agent General indicated that in his view the draught cattle project and the coastal vessel programme are particularly important.

4. With respect to medical education, the Agent General explained that an integrated and comprehensive health programme is being developed in cooperation with WHO, but that arising out of a proposal of the Danish Government a narrower project is being considered to establish a Scandinavian Teaching Hospital in Seoul in connection with the Faculty of Medicine of Seoul University. It is expected that this project would be financed partly by contributions from the Scandinavian Governments, partly by the ROK Government, and the balance by UNKRA. Budget estimates have not yet been worked out.

5. The draught cattle project envisages the importation of 20,500 working cattle and approximately 1,000 breeding cattle over a three year period. It is hoped to obtain 500 working cattle in the near future, 10,000 during 1952, and the balance in 1953. Half the breeding cattle would be imported from Pakistan in the spring of

1952. A quarantine station would be rehabilitated, a new station and agricultural experiment center constructed, and six smaller stations developed.

6. This programme would not cost over $100,000 in 1951, but is expected to exceed two million dollars in 1952 and again in 1953.

7. To assist in expanding the Korean merchant marine, the Agent General is anxious to obtain five coastal cargo vessels (type CI-MAV-I) to be operated by the Korean Shipping Company. These ships would be of about 5,000 deadweight tons and carry up to 5,000 tons of cargo. They would be of shallow draft to permit use in small Korean harbours, and although they would be too small for use in trans-Pacific runs, they would, according to shipping experts, be ideal for trips between Korea and Japan or even between Korea and the Philippines. The total cost of this project would be between three and four million dollars.

8. The Agent General pointed out that implementation of the coastal vessel programme would assist the reconstruction of the Korean economy, would impress the Korean officials and people, and would be a source of revenue for the Korean Government. This project would also permit the import of consumer goods and UNKRA supplies independent of military channels.

9. With respect to vocational training, the Agent General explained that there is not sufficient skilled manpower in Korea to carry out a large scale reconstruction programme and a labour force must therefore be built up as rapidly as possible. This project is to be started immediately by the opening of two demonstration training centres to train Korean instructors and the Koreans themselves will then open other centres for the training of the general population. At least one of the demonstration centres should be in operation by the beginning of 1952.

10. The Agent General explained that nothing is being done at the present time for the medical rehabilitation of civilians, including a large number of amputees as a result of war injuries. It is, therefore, proposed that UNKRA should begin to provide medical rehabilitation facilities and in conjunction with this programme a small industry for the manufacture of artificial limbs would be developed.

11. Housing, of course, is a desperately serious problem in Korea for it is estimated that 600,000 houses have so far been destroyed and additional losses are occurring daily. UNKRA is not yet in a position to make any substantial contribution to the alleviation of this situation but plans are being made to hold a design competition for both rural and urban housing open to Korean architects and engineers. It is hoped that in this manner Korean talent may be developed and greater interest in the project aroused which will be of long term value.

12. In connection with this problem, Mr. Kingsley mentioned the need for emergency housing for the large number of unaccompanied children among the refugees. Of the estimated total of 100,000 such children, an undetermined number of whom are orphans, approximately 50% are being sheltered in orphanages and other institutions and plans are being discussed for the importation, in collaboration with UNICEF, of prefabricated housing from Yugoslavia. This matter is still in the initial planning stage and no definite project was put forward by the Agent General at this meeting of the Advisory Committee.

13. There was general agreement in the Committee that all projects mentioned by the Agent General would be of value although the United States Delegate had some reservations concerning the coastal vessel scheme and requested more details to be presented to the next meeting of the Committee. The Indian Delegate did not have instructions from his Government with respect to the coastal vessel project and he too suggested that a decision on this matter be postponed until the next meeting. The Agent General will continue to give the matter consideration and will provide the Committee with more detailed information at a future date.

14. During the course of discussion concerning long range programmes the Canadian Delegate expressed the view that the draught cattle project and medical rehabilitation might be given highest priority as they appeared to be the easiest projects to begin and would have an immediate impact on the Korean people.

15. Having provided this guidance for the Agent General with respect to long range programmes, the Committee then considered personnel and administrative problems. The Agent General presented a gloomy picture with respect to personnel recruitment, for out of 50 persons presently employed with the Civil Assistance Command 40 contracts will expire before the end of the year and the other 10 soon after that time. Indications are that more than half of these persons will wish to leave Korea and within the next few months UNKRA will need from 50 to 75 persons, including medical officers, supplies officers and sanitary experts. There is a particular need for top level people and as an example of the difficulties encountered, the Agent General explained that he was looking for a first class economic expert to lead economic programming; but out of 50 names so far supplied no one had accepted the position. Attempts are being made to recruit through specialized agencies and by direct approaches to governments but so far the results are very disappointing.

16. The Agent General explained that recruiting for service in Korea is difficult because of the depressing conditions in that country including lack of housing and sanitation and the impossibility of being accompanied by dependents.

17. The representative of the United States wondered whether an appeal to governments in the form of a resolution by the Advisory Committee might be helpful. The Canadian Delegate expressed the view, however, that direct approaches to appropriate governments by the Agent General might be as effective as a resolution and it was eventually agreed that a resolution should not be adopted. Members of the Committee undertook to bring to the attention of their respective governments the seriousness of the problem faced by the Agent General in the hope that sincere efforts will be made to make available to him the names of appropriate persons who might be prepared to accept employment with UNKRA.

18. Under this item of the agenda, the Committee considered the distribution by nationality of international personnel employed by UNKRA and it was learned that out of a total of 67 persons, 22 come from the U.S.A., 15 from Denmark, 14 from the United Kingdom, 5 from Canada and smaller numbers from other countries. It was pointed out that there was a shortage of Asians and South Americans but the Canadian Delegate expressed the view that, although the figures were of interest, the question of distribution by nationality must remain of secondary importance so

long as recruiting difficulties were as serious as had been described by the Agent General.

19. Of the administrative problems, the chief one concerned the location of UNKRA headquarters. The United States, supported by the United Kingdom, suggested that the Agent General should make public a statement of intention to transfer the headquarters to Korea as soon as practicable. The Canadian Delegate informed the Committee that Canada was also anxious that the headquarters should be established in Korea and he welcomed any suggestion which would indicate progress towards that end.

20. The Agent General, however, pointed out certain practical difficulties which had to be faced with respect to this problem. The points which he mentioned were the following:

(1) The Agent General could not spend full time or even most of his time in Korea for he was required at meetings in New York, Geneva and elsewhere, and must travel extensively to visit governments;

(2) The United Nations High Command will not provide facilities for staff, and the persons who must be in Korea are living in insufferably crowded and unhygienic quarters;

(3) An announcement which implied that all UNKRA staff would be located in Korea would seriously affect recruiting which is already a difficult problem;

(4) The Korean economy and supply lines are already strained and it would not be sensible to aggravate that situation by unnecessarily creating conditions which would require additional housing, schools, commissary services, etc.

(5) The Agent General appreciated the political problems involved, but in view of the practical difficulties he was reluctant to use his organization as "a political front for something we won't be able to carry out".

21. The Agent General also claimed that he did not fully understand what governments meant by the term "headquarters". If headquarters were in the place where most of the staff were located, he could point out that out of a total personnel of 67 persons, 41 are located at Pusan. If headquarters were in the country where the most senior officials were located, out of the six highest ranking UNKRA officials, four are in Korea full time and the deputy Agent General has full authority to deal with the Korean Government. If headquarters are where the Agent General is, the Agent General has spent a third of his time in Korea during the past year.

22. The Canadian Representative said that the figures provided by the Agent General were of great interest and suggested that UNKRA headquarters were in fact already located in Korea. He wondered therefore why the Agent General should not say so publicly, it being understood that in view of the practical difficulties involved the Advisory Committee could not expect that every UNKRA employee should move immediately to Korea. In fact, the move of further personnel and transfer of additional operations to Korea might be discussed at future meetings of the Committee in the light of changing circumstances.

23. Though a lengthy discussion took place with respect to this matter no firm decision was reached. The Agent General, however, stated that he understood the feeling of the Committee and that he would always take the Committee's advice.

24. The Advisory Committee also considered financial questions, and under this item of the agenda discussion took place with respect to the revised Financial Regulations. The matter was first raised tentatively at the preliminary meeting of the Advisory Committee and at that time, the Canadian Representative took the opportunity, in accordance with instructions from Ottawa, to state that the Canadian Government approved the Financial Regulations as revised by the Advisory Committee on Administrative and Budgetary Questions.

25. During the more detailed discussion on this point which took place at the final meeting of the Advisory Committee, the United Kingdom made the following comments with respect to the financial regulations:

Article 3.1 A plan of expenditure for each financial year is to be submitted for approval to the Advisory Committee and in the view of the United Kingdom, it should be stipulated that this document should be submitted to members of the Committee well in advance of the meeting at which it is to be considered. The Agent General agreed to this suggestion and informed the Committee that a plan of expenditure would be submitted prior to the next meeting. He emphasized, however, that under the present conditions, it is difficult to prepare a very exact plan of expenditure.

Article 4.1 This article provides that the Agent General may make transfers to the extent authorized by the Advisory Committee. The United Kingdom suggested that transfers should not be made between operational and administrative items and the Agent General said that he was not opposed to this suggestion although he preferred the widest possible flexibility.

26. The Canadian representative agreed with the proposals made by the United Kingdom on the understanding that revised articles would be drafted for consideration at the Committee's next meeting.

27. As the representative of India was without instructions on this item of the agenda, the Committee agreed that tentative approval might be given to the Financial Regulations and that the Agent General might operate in accordance with those regulations on the understanding that the Committee will consider the matter of final approval at its next meeting.

28. The Committee also had before it financial statements for the period ending June 30, 1951 (Annex 2† to this despatch) including statements of contributions set out in appendices I and II to the document. With respect to contributions, the Canadian Representative stated that planning could be much more effective if money pledged to UNKRA were made available. He emphasized that contributions should not be withheld until suitable projects might be developed but that pledges should be honoured and funds made available now so that the UNKRA work could proceed on a realistic basis. This statement was welcomed by the Agent General who pointed out that if governments followed the example of the United Kingdom, the agency would be quite unable to operate. With respect to contributions in kind, the

Agent General expressed the view that cash contributions would be much more satisfactory and he wished that other countries might follow the Canadian example.

29. The United States representative said that his country would continue to make contributions to direct relief in Korea through the Unified Command. He said that the U.S. Administration will continue to press for a contribution of $162 million to UNKRA for the first year. A limited appropriation of $69 million has been approved and it is expected that Congress will provide the balance.

30. Budget allocations and projections for the first and second quarters 1951/52 were presented to the Committee in a document attached as Annex 3† to this despatch. Although reference was made to particular items in this document during the course of discussion on other subjects, there was no discussion with respect to the document itself.

31. The Agent General requested advice concerning circulation of Advisory Committee summary records and UNKRA papers, and the Committee agreed that it would be inadvisable to give general distribution to such papers. It is obvious that to do so would have the effect of restricting discussions and the free expression of views, and would thus lessen the value of the advice which the Committee might give to the Agent General.

32. The United States suggested that all papers might be considered confidential, but that the Committee's decisions be announced, and the Chairman wondered whether it could be left to the Agent General to draw up for general distribution a report on each session. The Canadian Delegate asked whether the Agent General would be satisfied to undertake the work and the responsibility involved in the suggested procedure, and in reply the Agent General said that the Secretary of the Committee might prepare a summary of decisions which could be approved by the Chairman prior to distribution. This procedure will be followed for the session of the Committee just concluded and will be continued if it is found to be satisfactory.

33. The Agent General said that UNCURK had asked for UNKRA papers, and he suggested that they be provided with the public record. If that should not prove satisfactory the question of providing additional documentation might be discussed by a subsequent meeting of the Committee.

34. In respect of the question of coordination with the United Nations Technical Assistance Administration, the Agent General, in reply to a question from the Canadian representative, maintained that there was close cooperation between UNKRA and UNTAA and that the latter had loaned them a representative who was now stationed in Korea. He also stated that he worked through UNTAA in recruiting technical assistance experts for Korea but that because of the delays which often occurred in locating such experts, he found it advisable for UNKRA itself to operate independently and simultaneously in the search for appropriate experts. His explanation was not entirely satisfactory but he insisted that experts could be found more easily and more speedily if both UNKRA and UNTAA channels were used simultaneously.

35. The final item considered by the Committee was the time and plan of the next meeting. The Agent General expressed the wish for another meeting before Christmas and he suggested that this might take place in Paris about December 10. This

was agreed, and the Agent General promised that basic papers would be circulated to members two weeks in advance, although it was always possible that he might wish to raise points not covered by documentation because of the rapidly changing situation in Korea.

N.F.H. BERLIS
Secretary

DEA/8254-G-40

191.

La délégation permanente auprès de l'Office européen des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Under-Secretary of State for External Affairs

LETTER NO. 460 Geneva, October 31, 1951

U.N. KOREAN RECONSTRUCTION AGENCY

In a brief conversation with Sir Arthur Rucker, Deputy Agent General of UNKRA, I learned that the chief purpose of Sir Arthur's return to Geneva and his forthcoming visit to the United States with the Agent General, is to report complete frustration with respect to the Agency's work.

2. Sir Arthur claims that the High Command is not implementing the terms of the agreement with UNKRA entered into some months ago and that UNKRA is able to do virtually nothing in Korea. Both Sir Arthur and Mr. Kingsley, the Agent General, are greatly concerned about this situation and are leaving today for the United States where they hope to reach a satisfactory understanding concerning the relationship between the Agency and the High Command.

N.F.H. BERLIS
Secretary

DEA/8254-G-40

192.

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 784 New York, November 5, 1951

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 555.

UNKRA AND THE UNIFIED COMMAND

1. Prospects are not good that the military authorities in Washington will agree to the transfer to UNKRA of even limited responsibility for relief and rehabilitation

work in Korea. This was the gist of information received at the Secretariat this morning from Kingsley, who is to meet tomorrow with the heads of the Defence and State Departments in an attempt to convince them that assumption by the agency of responsibility for specific projects in specified areas need not interfere unduly with the Unified Command.

2. Kingsley's deputy in Korea, Sir Arthur Rucker, told me today that Kingsley has already had informal talks with officials of the Pentagon and the State Department, and as a result now is inclined to believe that the army will not consider a transfer of authority in Korea so long as hostilities continue. Even if a cease-fire is negotiated, it is doubtful whether the Unified Command would be willing to relinquish its control over relief operations until there is strong evidence that a permanent political settlement is in sight. Kingsley had originally thought that the basic opposition to UNKRA did not come from the top echelon in the Department of Defence but was largely confined to an "empire building" group of senior officers in Pusan and Tokyo which is anxious that responsibility for relief activities should remain in their hands. Since arriving in Washington, however, he has gained the impression that the views of this group are shared by the top brass in the Pentagon. While the State Department would like to see the army divorced from relief activities as soon as possible, it is doubtful whether their opinions will carry great weight.

3. Sir Arthur is proceeding to Washington on Wednesday and has promised to keep us informed of developments. He made many interesting comments about the agency and its relationships with the Unified Command, the Korean Government and UNCURK, on which I shall report separately in a despatch.†

193. DEA/8254-G-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-3914 Washington, November 6, 1951

CONFIDENTIAL

Repeat Permdel No. 476.
Reference: Permdel New York's No. 555 to Washington (No. 784 to Ottawa).

UNKRA AND THE UNIFIED COMMAND

1. Contrary to the views expressed by UNKRA officials in New York, there appears to be no disagreement between the State Department and the Department of Defence as to when UNKRA should assume full responsibility for relief and rehabilitation activities in Korea. It is true that the Unified Command would not be willing to transfer full authority to UNKRA while hostilities continue. It would, moreover, seem difficult to advance logical arguments for such a transfer.

2. The United States Department of Defence, on the basis of present plans, will be providing some $200 million for relief and rehabilitation work in Korea in the current fiscal year, $100 million of which has been specifically authorized "for emergency relief for the civilian population of Korea". If UNKRA were to assume full responsibilities in this field, and it is not equipped at the moment to do so, further expenditures for civilian relief in Korea by the Department of Defence could not be made. As these Defence Department expenditures in Korea will not be considered as a part of the United States contribution to UNKRA, the net result would be a smaller overall United States contribution for Korean relief and rehabilitation. When UNKRA is in a position to assume full responsibility, the Department of Defence will no longer be able to justify to the general accounting office continued expenditures for civilian relief in Korea.

3. I would be grateful to receive your general views on this subject. In the meantime, I think we must accept with some reservation the statements made by UNKRA officials in New York which purport to interpret the attitude of the State Department.

DEA/8254-G-40

194.

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 786

New York, November 7, 1951

CONFIDENTIAL

Repeat Washington No. 559.
Reference: Washington teletype WA-3914 of November 6.

UNKRA AND THE UNIFIED COMMAND

1. While conceding the point has not yet been reached when full responsibility for Korean civilian relief should pass to UNKRA, I think considerable political damage will be done to the agency and to the United Nations as a whole if UNKRA has to be placed in cold storage as the result of the discussions now going on in Washington between Mr. Kingsley and the Department of Defence.

2. There can be little complaint if the Pentagon, through the Unified Command, has complete control over military operations in Korea. Furthermore, there would be no advantage to the army's ceasing its relief activities until a political settlement is reached. However, I would suggest there are serious objections to having the Unified Command play a completely lone hand in the relief picture, even while hostilities continue. If we wish to continue to give conclusive evidence that relief operations in Korea have the support of the great majority of the members of the United Nations, it is important that some United Nations organ should function which is less directly responsible to the policy-makers in Washington than the Uni-

fied Command. Otherwise it becomes increasingly difficult to answer effectively Soviet charges that the United Nations action is primarily another aspect of the operation of United States foreign policy in Asia.

3. Admittedly UNKRA cannot now implement more than a small portion of the ambitious programme it had originally planned. However, it *can* assume responsibility for specific projects which the army's Civilian Assistance Command (whose hands are admittedly full already) cannot handle.

4. There are also practical reasons why UNKRA should not have to suspend operations. If the Unified Command wants to "go it alone" on relief and rehabilitation work, there should be no surprise in Washington that other members of the United Nations are reluctant to help the United States taxpayers finance relief operations over which they have no control.

195. DEA/8254-G-40

Note de la Direction des Nations Unies pour le sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum from United Nations Division to Deputy Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 19, 1951

UNKRA

At my request, Mr. McInnes has reviewed our policy towards UNKRA in the light of Washington's WA-3914 of November 6, and PERMDEL's No. 786 of November 7 (attached), and we have jointly prepared for your signature, if you concur, the attached telegram to Washington in reply.

2. A useful suggestion has been made by Thurrott, concerning which we should welcome your opinion, but we think it is too early to incorporate it in the telegram to Washington. It concerns a possible relationship between UNKRA and the Technical Assistance Programmes, and particularly the part which might be played by Cavell's office.

3. As you know, UNKRA is at present operating about 90% on Canadian money. If, at the Sixth Session of the General Assembly, when the UNKRA item comes up for debate, it becomes apparent that, owing to the failure to obtain a cease-fire, contributing nations are unwilling to honour their pledges to UNKRA, the Agency will be left with comparatively little that it can do, with a very modest sum of money with which to do it, and the great bulk of that money having been supplied by Canada.

4. It is suggested that we explore the possibility of returning some of this money to Canada in the form of an UNKRA-financed programme of training in useful technical accomplishments, at Canadian institutions, of Korean students and Fellows.

5. If, for example, UNKRA were able to place 100 young Koreans in Canada in the fields of vocational training, social welfare, medicine, bridge-building, etc., it

could make a very real and specific contribution to the rehabilitation of Korea, which should have the advantage of costing very little, and also of the funds involved being expended in Canada. Such a scheme would also have the advantage of enabling UNKRA to keep up the appearance of being usefully busy at a time when, in fact, it is not really going to be able to perform any major activities. By the time the trainees had received their instructions, the political and military situation in Korea might have improved to the point where the Agent-General's more ambitious programme can be started.

6. If you think there is any merit in the suggestion, it could be explored with Cavell's office.

S. MORLEY SCOTT

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un télégramme du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis[68]

Draft Telegram from Secretary of State for External Affairs to Ambassador in United States[68]

CONFIDENTIAL Ottawa, November 19, 1951

Repeat Permdel.
Reference: Your WA-3914 of November 6, and Permdel's 786 of November 7.

UNKRA AND THE UNIFIED COMMAND

1. We have consistently discounted optimistic views expressed by UNKRA officials and our instructions to the Canadian Delegation to the Sixth Session of the General Assembly of the United Nations (copy of which was sent to you under cover of Letter No. V-3211 of October 31†), are confined to a request that everything be done to persuade other nations to honour the pledges which they have made to UNKRA. The Policy Guidance Section (para.16) points up the essential dilemma of UNKRA, which has now been reinforced by your telegram under reference, by Permdel's 786 of November 7, and by Permdel's Letter 1206 of November 6† (also referred to you), describing a conversation with Sir Arthur Rucker.

2. The fact is that work on the Agent-General's programme, announced to the Committee at its meeting in May, 1951, remains dependent upon the implementation of the agreement reached between Mr. Kingsley and General Ridgway on August 13, 1951. This agreement stated that the Unified Command would not transfer any authority to UNKRA (the question of UNKRA assuming *full* responsibility was never at issue) until such time as hostilities ceased.

3. Nevertheless, we think that there is still a useful area of activity open to UNKRA (see para. 5 below), and we agree with Permdel that there are grave political objections to UNKRA's ceasing operations. In addition to the arguments outlined in paras. 2 and 3 of Permdel's No. 786 of November 7, there is the by no

[68] Ce télégramme n'a pas été envoyé./This telegram was not sent.

means negligible point that the closing up of the Agency would have domestic repercussions in Canada, both in governmental circles, and among church and welfare groups, which have taken the existence of UNKRA, and Canada's participation in it, as an earnest of our concern over the humanitarian aspects of the Korean war.

4. We think that severe damage would be done to the prestige of United Nations if UNKRA were to suspend operations. It would be a confession of failure on the part of the Free World. It would be a denial of our often-expressed humanitarian aims. It would lend strength to the contention, made on both sides of the Iron Curtain, that the only result of the Korean war has been to strip, batter and impoverish the country and people of Korea. It seems to us that the one positive achievement which can come out of Korea, pending a successful outcome of hostilities, is a measure of rehabilitation work to be undertaken by UNKRA.

5. As to the area of activity open to UNKRA, we have in mind the specific and practical projects outlined by the Agent-General before the Advisory Committee's Meeting in Geneva on September 10, e.g., establishment of a teaching hospital; draught cattle project; coastal vessel programme; vocational training centres; medical rehabilitation and housing. We are also considering, at the official level, whether UNKRA might use part of its funds to take advantage of facilities offered to the United Nations expanded programme of Technical Assistance. We may communicate later with you on this point.

6. I should be grateful if you would present this point of view to the State Department and express the hope that the State and Defence Departments will take it into account in considering the Agent-General's assessment of the possible activities of UNKRA in the immediate or near future.

7. It remains our opinion that contributing nations should be asked to honour their pledges so that UNKRA may carry on such work as is possible in the immediate future, and plan with some confidence its later programme.

196. DEA/8254-G-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-4051 Washington, November 21, 1951

SECRET. IMPORTANT.

Repeat Permdel No. 504.
Reference: Reid-Campbell telephone conversation, November 21st.

UNKRA

1. We were asked this afternoon to discuss the question of possible postponement of the special meeting of the agency's Advisory Committee, scheduled for December 10th, with William Sanders, Acting Assistant Secretary of State for United

Nations Affairs, Graham Hall, Special Assistant for Korean Relief and Rehabilitation and Ward Allen of Hickerson's staff.

2. The State Department wished to inform us, in strict confidence, that Kingsley had signified his intention to resign from UNKRA. It was thought this new factor might influence our decision with regard to the proposed postponement of the special meeting of the Advisory Committee, since it would add to the present confusion for the committee to meet with UNKRA in an almost headless state. Furthermore, the State Department pointed out that the agreement between UNKRA and the Unified Command is now in the delicate stages of final negotiations. Apprehensions are felt that if a special meeting of the committee is held at this juncture, things might be said which might impede or even upset conclusion of the agreement. The State Department believes that Kingsley, on the verge of severing his connection with UNKRA, would not be likely to discuss with the committee in a satisfactory manner plans for implementation of the agreement. There is also a danger that if committee members, anxious to criticize Kingsley, should urge the espousal of elaborate plans by UNKRA, the Unified Command might be frightened off altogether when just at the point of reaching an understanding with UNKRA.

3. As stated in our WA-3914 of November 6th, it appears that there is not substantial disagreement between the State Department and the Department of Defence as to when and how UNKRA should become active in Korea. The State Department considers the agreement presently under negotiation to be a good one, as providing a practical basis for the initiation of operations by UNKRA, despite the limitations which must inevitably apply to the operation of a civilian agency in a theatre of war. They have provided us in advance and on a confidential basis with a draft of the proposed memorandum of understanding between the Unified Command and the UNKRA. The full text follows in my immediately following teletype,† but the essential paragraph reads as follows:

QUOTE (d) To such extent as may be mutually agreed, UNKRA will undertake, from time to time, relief and rehabilitation projects in Korea, additional to the United Nations Command program. Proposals for such projects will be initiated by UNKRA through the Joint Committee in Tokyo; and arrangements for the operation of agreed projects will be determined by the Joint Committees in Korea, Tokyo or Washington, as may be appropriate. UNQUOTE.

4. The State Department officials explained that the United States could hardly take the initiative themselves in obtaining postponement of the Advisory Committee meeting because the United States had in the first instance proposed the holding of such a meeting some months ago, when it had appeared in different circumstances that a useful purpose would be served. Furthermore the United States, to a large extent, might be considered as a party principal to the agreement at present under negotiation.

5. They recalled that when this special meeting had been first suggested, the Canadian Government had not been enthusiastic about it. We pointed out the difficulties in the way of the Canadian Government undertaking to initiate postponement of the Advisory Committee's special meeting. The State Department indicated it might not be necessary for any government to initiate a proposal for

postponement formally. The main thing is whether governments concerned would be prepared to agree to postponement and to so instruct their representatives; if that could be done, the postponement might be brought about merely by means of discussions between representatives in New York or in Paris. There would then be no question of any one country in particular having taken the initiative.

6. The State Department officials offered the suggestion that if the special meeting of the Advisory Committee scheduled for December 10th were postponed, it might be advisable to schedule the next regular meeting of the committee for the early part of January, in order to avoid giving the impression of indefinite shelving of the question of UNKRA's commencing active operations. It is also thought likely that by that time the agreement between UNKRA and the Unified Command would have been concluded and therefore the Advisory Committee would be able to embark upon a practical discussion of projects.

7. The State Department requested us to convey their views to you immediately and they would appreciate receiving your decision as soon as possible. If postponement can be arranged, the State Department would be glad to know before Sunday, in the interest of economy, since it would then be possible to cancel reservations for air passage to Europe of certain officials concerned with the Advisory Committee meeting who would have to leave the United States in advance.

197. DEA/8254-G-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-2258 Ottawa, November 23, 1951

SECRET. IMMEDIATE.

Repeat Permdel No. 646.
Reference: Your WA-4051 and 4052† of November 21 and Reid-Campbell telephone conversation of the same date.

UNKRA

1. In the light of your telegrams under reference, we are prepared to agree to a postponement of the meeting of the Agency's Advisory Committee provisionally scheduled for December 10, provided that other members of the Committee are in accord, and that postponement is to a definite date not later than the end of the Paris part of the Sixth Session of the General Assembly, in order to permit, inter alia, a review of the finances and spending policy of the Agency.

2. We think that the reasons for the desired postponement should be fully explained by the State Department to India and Uruguay, as well as to the United Kingdom.

3. We are not expressing at this time any views on the proposed agreement, which we have not examined for this particular purpose, as we do not know whether it represents a proposal unilaterally put forward by the Unified Command and/or the United States Administration, or whether it represents an amicable settlement agreed to by UNKRA.

4. The request made to Olivier by Hall and reported to us in Permdel's 794 of November 17,† that we initiate postponement, we now consider to have been withdrawn. We therefore propose to take no action, but are willing to abide by the wishes of the majority of the members of the Committee.

5. I should be grateful if you would transmit these views to the State Department and inform us as soon as possible of their reaction, in order that we may keep the Delegation at Paris informed.

DEA/8254-G-40

198.

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 80

Ottawa, November 27, 1951

CONFIDENTIAL

UNKRA ADVISORY COMMITTEE

1. You may already have learned that the next session of the Advisory Committee of UNKRA, which was to have been held in Paris on December 10, has now been postponed until January 10.

2. At the request of the United States State Department, we concurred in this decision, the initiative in which was, however, taken by Kingsley himself.

3. Chief reasons given by State Department for urging postponement were imminent resignation of Kingsley as Agent-General of UNKRA, and inadvisability of Advisory Committee meeting while fresh agreement was being negotiated between UNKRA and the Unified Command regarding the former's status in Korea, and its ability to start operations in the near future.

4. We are re-examining commentary for Item 27 in the light of these and other events. Despatch follows.

CHAPITRE III/CHAPTER III

NATIONS UNIES
UNITED NATIONS

PREMIÈRE PARTIE/PART 1

SIXIÈME SESSION DE L'ASSEMBLÉE GÉNÉRALE À PARIS, PREMIÈRE PARTIE, 6 NOVEMBRE-21 DÉCEMBRE 1951
SIXTH SESSION OF THE GENERAL ASSEMBLY IN PARIS, FIRST PART, NOVEMBER 6-DECEMBER 21, 1951

SECTION A

INSTRUCTIONS À LA DÉLÉGATION CANADIENNE
INSTRUCTIONS TO THE CANADIAN DELEGATION

199. DEA/5475-DW-15-40

Le sous-secrétaire d'État aux Affaires extérieures aux chefs de poste à l'étranger

Under-Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR DOCUMENT NO. A. 79/51 Ottawa, October 31, 1951

SECRET

PAPERS FOR THE GUIDANCE OF THE CANADIAN DELEGATION TO THE GENERAL ASSEMBLY

I attach copies of three papers which were prepared for the guidance of the Canadian Delegation to the Sixth Session of the General Assembly in Paris and which were approved by Cabinet on October 23, 1951.

The papers are:

(1) General Instructions for the Guidance of the Canadian Delegation.

(2) Asian Question before the General Assembly.

(3) Draft International Covenant on Human Rights.

S. MORLEY SCOTT
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Déclaration générale pour la gouverne de la délégation canadienne

General Statement for the Guidance of the Canadian Delegation

SECRET [Ottawa], October 17, 1951

GENERAL

1. While the various organs of the United Nations should be used to the maximum extent possible for strengthening the unity of the Free World, no support should be given to action in the United Nations which would force the withdrawal from the organization of the Soviet Union or which would give the U.S.S.R. a convincing pretext for such a withdrawal. The United Nations still provides opportunities for contact between the Cominform World and the Free World, and the withdrawal of the Soviet Union would only lead to breaking off this contact without in any way altering the present balance of power in the world. Moreover, if the Western democracies act in a manner which forces the U.S.S.R. to leave the organization, this might well be followed by the withdrawal of such "neutralist" states as India and Indonesia, with the consequent decline in United Nations' prestige in Asian territories where its influence is of great importance to the West.

POLITICAL AND SECURITY QUESTIONS

Collective Measures Committee

2. The Collective Measures Committee, which was established by the "Uniting for Peace" Resolution adopted by the Assembly on November 3, 1950, has included in its report a number of recommendations and guiding principles for military, economic and political sanctions which might be taken by the United Nations against a future aggressor.

3. In view of its composition and its cumbersome mechanism, the United Nations is clearly not the appropriate body to direct actual military operations in a major war. Yet the United Nations could not remain purely passive if such a war broke out and still retain any real moral authority. In the event of a general war, the United Nations should be used by the Western Powers as an agency for securing the maximum support from states not directly and initially participating in military operations. It follows from this that the role of the United Nations in a major war should be at least as active as has been its participation in the Korean crisis. In the debates at the Assembly on the report of the Collective Measures Committee the Delegation should be guided by these principles.

Disarmament and Atomic Energy

4. The Western Powers are publicly committed to accepting unconditionally a plan for the international control of atomic energy which was approved by a large majority of the Members of the United Nations some time ago, provided that the Soviet Union also accepts this plan. The democracies are also committed to the unanimous resolution of the General Assembly of December, 1946, in which the Assembly recognized the necessity of an early general regulation and the reduction of armaments and armed forces. In view, however, of the present overwhelming

superiority of the Soviet Union in conventional armaments and, in particular, in numbers of trained troops, the real position of the democracies is not quite so straightforward.

5. Debate on these questions at the Assembly will probably centre around the report of the Committee of Twelve, which recommended that a single commission should be established to take over the functions of the present Atomic Energy Commission and the Commission for Conventional Armaments. While it is unlikely that the establishment of a single commission will have the effect of modifying the declared policies of either the United States or the Soviet Union, the Delegation should support its establishment since it would at least provide the opportunity for a fresh start. The Delegation should guard against any precipitate rejection of proposals in this field which may be advanced by the Cominform states, particularly since such rejection out of hand would offend such influential states as India and Yugoslavia.

Treatment of Indians

6. The Assembly will also discuss again the perennial question of the treatment of people of Indian origin in the Union of South Africa. Primarily because of the South African Government's refusal to agree to any United Nations intervention in this matter, negotiations for a round-table conference between India, Pakistan and South Africa have now broken down. It seems evident that the present impasse will continue, and a fruitless and acrimonious debate take place at each Assembly, unless and until an advisory opinion is obtained from the International Court of Justice regarding the competence of the United Nations to intervene in this question. As long ago as November 25, 1946, the Canadian Delegation supported the view that an opinion on this matter should be obtained from the Court. To date, however, India has objected to this, on the grounds that the question is essentially political, not legal. The Delegation might do anything it could to persuade the Indians to modify their opposition to a reference to the Court, pointing out that, without such a reference, there is little chance of the present deadlock being broken.

ELECTIONS

Security Council

7. The Delegation should support Pakistan and Chile for the seats now occupied, by India and Ecuador. The arguments against electing a Cominform state to replace Yugoslavia are not convincing, but the Delegation should not support the Cominform candidate (probably Czechoslovakia) if *both* the United States and the United Kingdom oppose its election. In the latter event the Delegation should vote for Ethiopia, rather than for Greece, which is also a candidate, as the election of Greece would give the Council too strong a NATO complexion.

Economic and Social Council

8. The Delegation should support the re-election of China, France and Belgium (on the understanding that the Netherlands is not a candidate). For the seats now filled by Chile and Peru the Canadian Delegation should support the two states which are the choices of the Latin American bloc, with the exception that the Delegation should not support Argentina in view of the repressive actions taken against

freedom of the press by its present regime. For the sixth seat the Delegation should support India for re-election, even though Australia is also a candidate since India has exercised a moderating influence on some of the other under-developed states and Canada is supporting Pakistan for the Security Council.

International Court of Justice

9. The Delegation should vote for the re-election of Judges Green H. Hackworth of the United States, Charles de Visscher of Belgium and Helge Klaestad of Norway. The Soviet candidate to replace the retiring Judge Krylov will probably be Professor Golumsky and the Delegation should support his election. The Delegation should also support the election of Sir Benegal Rau of India in place of the retiring Mexican incumbent (Judge Alfaro). Apart from Sir Benegal's own personal abilities, his election to the Court would have the desirable effect of increasing the representation of Asia and of common law systems. In the by-election occasioned by the death last May of the Brazilian member of the Court, Judge Azevedo, the Canadian Delegation should support, for the remainder of this term, the election of the Brazilian candidate, Dr. Levy Carneiro.

ECONOMIC AND SOCIAL QUESTIONS

Economic Development

10. The main economic item on the agenda of the Assembly concerns the various aspects of the economic development of under-developed countries, in particular the methods of financing such development, the provision of technical assistance and the promotion of land reforms. The Delegation might express agreement with the principles formulated by the thirteenth session of the Economic and Social Council on these subjects. It should, however, oppose proposals which Chile is expected to make for the creation at this time of new international machinery or of a special international fund for the purpose of making outright grants to under-developed countries to finance their development programmes. The Delegation should commend the United Nations and the Specialized Agencies for the progress made and the results so far achieved in their various programmes of technical assistance. The Delegation should also emphasize that the principle of self-help is basic to the successful operation of all United Nations programmes for assistance to under-developed countries.

Korean Relief

11. The twelve-month rehabilitation programme proposed by the Agent-General for the United Nations Korean Reconstruction Agency (UNKRA) has received general approval from UNKRA's Advisory Committee, on which Canada is represented. It seems unlikely, however, that the Agency can proceed much beyond the planning and procurement stage so long as hostilities continue in Korea. The Government is particularly concerned over the failure of member nations to honour their pledges to UNKRA's Contributions Fund. Though $205,000,000 (U.S.) has been pledged, less than $8,000,000 (U.S.) has so far been received in cash. The Delegation should therefore press hard for the honouring of all outstanding pledges.

TRUSTEESHIP QUESTIONS

South-West Africa

12. This perennial problem is probably the most important item in the field of trusteeship and non-self-governing territories on the Assembly's agenda. On this subject the Committee of Five, established by a resolution of the Assembly last December, has formulated a number of compromise proposals designed to implement the advisory opinion of the International Court of Justice and yet to take into account the arguments made by the representatives of the Union of South Africa. The South African Government has now rejected the proposals of the Committee of Five and the latter will be submitting a report of failure to the General Assembly. There is little doubt that the proposals developed by the Committee of Five were very moderate, particularly in that they tried to overcome South Africa's objections by suggesting a plan which adhered very closely to the procedures of the League of Nations. South Africa's rejection of these proposals will make it difficult for countries like Canada not to take a stand against her. By refusing to agree to the findings of the Court or to perform the obligations which the Court found still to exist, the South African Government has acted in a way which will undoubtedly provoke a hostile reaction in the General Assembly. Nevertheless, the Delegation should not support condemnatory resolutions phrased in intemperate language because the adoption of such resolutions would make the South African Government even more intransigent. The Delegation might support a resolution regretting the South African Government's unwillingness to comply with the International Court's advisory opinion and its unwillingness to submit a report on the administration of the territory. Such a position is in accordance with the previous Canadian support for the advisory opinion of the Court.

Participation of Italy in the Trusteeship Council

13. At present, under the rules of procedure of the Trusteeship Council, Italy has the right to participate without vote in the Council when the latter discusses the reports on Italian Somaliland, for which Italy is the administering authority. As Italy is not a Member of the United Nations it seems clear that Italy has already received the maximum consideration which is possible at the present time. The Delegation should therefore take the position that, while we would like to see Italy a Member of the United Nations, we believe that until it has obtained such membership it cannot have a vote in the Trusteeship Council, without violating the provisions of the Charter (in particular, Article 86).

ADMINISTRATIVE AND BUDGETARY QUESTIONS

The Budget

14. The Secretary-General has submitted budget estimates for the year 1952 totalling $46,568,300. The Advisory Committee on administrative and budgetary questions has recommended reductions in these estimates amounting to $2,035,400. The Delegation should, as in previous years, support proposals, including those of the Advisory Committee, designed to ensure the efficient and economical administration of the United Nations without impairing essential services. It should also

encourage efforts to achieve greater co-ordination and the elimination of overlapping and duplication between the United Nations and the Specialized Agencies.

Scale of Contributions

15. In direct response to objections raised by Canada and other countries at the Fifth Session of the General Assembly, the Contributions Committee has recommended a substantial increase (totalling 3.72%) in the contributions of the Cominform states, in order to reflect more closely their true capacity to pay. However, a further reduction in the United States contribution (from 38.92 to 36.90 percent) in partial implementation of the principle of a 33 1/3 percent ceiling accepted by the Assembly in 1948, together with a significant improvement in Canada's economic position, has resulted in a recommendation for a small increase of .05% (from 3.30 to 3.35 percent) in Canada's contribution for 1952. The Delegation may support the Committee's recommendations provided that the Canadian increase does not exceed .05% and that the principle of a *per capita* ceiling is maintained. It should emphasize that reductions in the contribution of the United States toward the 33 1/3 percent ceiling should be accompanied by compensating increases in its contributions to other United Nations agencies where it pays less than this ceiling. The Delegation should also insist that further progress toward the elimination of the maladjustments still remaining in the scale, particularly in the contribution of the U.S.S.R., should be made during the next year.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Questions relatives à l'Asie étudiées lors de la sixième session de l'Assemblée générale

Asian Questions Before the Sixth Session of the General Assembly

SECRET [Ottawa], October 18, 1951

During the past year the gap between the North Atlantic Treaty powers and the countries of Asia has widened. China has adopted an attitude of hostility toward the western world which will take many years of patience and goodwill to break down. Its alignment with the Soviet Union is more definite, the identification of their interests is firmer, and the potential differences between them have receded for the time being into the background. Some of the minor countries of Asia have been irritated by the favour shown to Japan in an effort to gain the support of that country for the west. A large and growing area of misunderstanding and distrust has arisen between Asian countries led by India and some members of the United Nations led by the United States, over relations with China and the course to be followed in trying to bring the Korean war to an end.

2. If the differences between the west and the Asian states led by India should become more pronounced, the result could be extremely serious, especially in its effects on Western attempts to restrain the expansionism of the Soviet Union. Canadian effort at the Sixth Session of the General Assembly should therefore be directed toward helping to eliminate misunderstanding and, where possible, to bridge the gaps between the policies of the United States government and those of

the Asian governments. This will be no easy task in view of the inflexibility of United States policy as a result of the difficulties created for the Administration by the dismissal of General MacArthur and the Republican attack on the Administration's Far Eastern policies, and as a result of the tendency in the United States to place opposition to Communism above all other considerations.

3. Chinese representation and the position of Formosa are almost certain to come before the Assembly in some form while the situation in Korea and Chinese Nationalist charges of Soviet intervention in Chinese affairs are already on the agenda.

Chinese Representation

4. A change in Chinese representation in the Assembly is most improbable during the Sixth Session. The United States, United Kingdom and Canadian governments are on record as opposing admission of the Central People's Government to the United Nations, the former apparently without limit and the latter two until China shall have ceased to aid aggression in Korea. It is unlikely that any motion for a change in representation would receive substantial support. The Canadian delegation would be consistent if it voted against a change of representation. Any statement against changing Chinese representation should, to be realistic, avoid any suggestion that the change is opposed from any admiration for the Nationalist Government or from any conviction that it represents the Chinese people. It should be related solely to China's intervention in Korea. An opportunity may arise to defer a decision on Chinese representation on procedural grounds: a proposal in such terms would avoid the substantive question of which government should represent China, and would be preferable from the Canadian point of view. The United Kingdom would support such a procedural resolution, and probably the United States would also. The special committee set up by the Fifth Session to study Chinese representation has proved abortive; it would probably, therefore, be as well to avoid supporting any extension of its life.

Formosa

5. The Cairo Declaration by the representatives of the United States, the United Kingdom and China in 1943 promised the restoration of Formosa to the Chinese state. This promise was confirmed in the Potsdam Proclamation by the United States, the United Kingdom and China, subsequently adhered to by the Union of Soviet Socialist Republics in 1945. The Japanese Instrument of Surrender, also signed in 1945, was based on the Potsdam Proclamation and provided that the terms of the Proclamation should be carried out. Canada signed the Instrument of Surrender. *De facto* administration of Formosa by the Chinese Nationalist Government has been acquiesced in by the Canadian government through the acceptance of a note from the Nationalist Government in 1946 stating that Formosa was restored to Chinese sovereignty and that Formosans had regained their Chinese citizenship; through agreement that the commercial *modus vivendi* with China should cover Formosa; and through various administrative actions. While it is true that circumstances have now changed in that China is ruled by a government which we do not like, it is open to doubt whether it is wise to repudiate a wartime agreement.

6. The Canadian delegation should try to prevent the question of the disposition of Formosa from being raised as a substantive question and should endeavour to have the question left open until after a cease-fire has been arranged in Korea. Any debate on the substantive question is bound to widen the rift between the orient and the occident, and to force the United States to take an increasingly firm position from which it will have difficulty in retreating when the time comes.

Korea

7. The situation in Korea is so unpredictable that only general instructions can be given before the Assembly meets. In the absence of an agreed truce, it would be advisable, if possible, to maintain the present machinery of an additional measures committee of the General Assembly, where recommendations can be formulated. This procedure has advantages over consideration of additional measures in the first instance by the Political Committee. Our aim in the Additional Measures Committee might well be to try to avoid the imposition of additional military, diplomatic or economic sanctions until present measures have had better opportunity to demonstrate their worth. In this way it will be possible to avoid an undue risk of driving China more firmly into the arms of the Soviet Union.

8. If an armistice is concluded it is to be expected that the United Nations Commander will submit a report to that effect to the United Nations. If the report is made to the General Assembly, the problem arises who is to be responsible for the next obvious step, political negotiations aimed at a larger settlement. As negotiators for the United Nations, the group of countries which together are supplying the forces in Korea would probably be adequate provided India (which provides an ambulance unit but no fighting troops) is included. Their aim should be to achieve a general settlement in the Far East even though this would be difficult in view of the attitude of the United States towards the seating of Communist China in the United Nations and the disposition of Formosa. It is unlikely that any body set up by the General Assembly at this session would be able to approach the problem of a general settlement in the Far East during the lifetime of the Sixth Session of the Assembly.

Nationalist Chinese Charges Against the Soviet Union

9. It is difficult to deal realistically with the charges laid by the Nationalist government because even the countries which maintain relations with the Nationalists recognize that in fact they are not the effective government of China. The most desirable line to pursue at the Sixth Session of the General Assembly would therefore be one leading to the adoption of a course which would allow the charges to be left in abeyance. One solution would be to support any move which would continue this problem in the Interim Committee rather than in the General Assembly proper, along the lines of the resolution passed on December 1, 1950.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Pacte international provisoire sur les droits de l'homme

Draft International Covenant on Human Rights

CONFIDENTIAL [Ottawa], October 12, 1951

The General Assembly of the United Nations, at its Sixth Session opening on November 6th, will "reconsider" the decision taken last year in Resolution 421(V)E to include in one covenant articles on economic, social and cultural rights, together with articles on civil and political rights. This is in consequence of a recommendation made to it by the Thirteenth Session of the Economic and Social Council, which concluded its meetings on September 21st.

2. It has been the consistent Canadian view that the Commission on Human Rights should first concentrate on drafting a covenant restricted to the traditional civil and political liberties. This view has been expressed, or is at least implicit, in Cabinet Memoranda of March 14th and July 30th, 1951, has been communicated to the Secretary General of the United Nations, and was the basis of instruction given to the Canadian Delegation to the Thirteenth Session of the Economic and Social Council.

3. At the Sixth Session of the General Assembly, therefore, the formulation of economic, social and cultural rights, either as a part of the "first" covenant or as a separate covenant, will be an item on the Agenda.

4. A study of the articles relating to economic, social and cultural rights, as drafted by the latest (Seventh) Session of the Commission on Human Rights, shows that the best covenant that could be hoped for would comprise no more than a series of commendable objectives, provisions for the implementation of which would amount merely to a reporting procedure. These objectives are already adequately covered, at least for the time being, in the present Universal Declaration on Human Rights. The reporting procedure envisaged in the present draft covenant would appear to be unnecessary in the light of the arrangements already established for annual reports from member states on developments in the field of human rights submitted for inclusion in the United Nations Year Book on Human Rights.

5. It is recommended that the following instructions regarding the formulation of economic, social and cultural rights be given to the Canadian Delegation to the Sixth Session of the General Assembly:

(a) The Delegation should maintain the position that it is impractical to combine economic, social and cultural with civil and political rights in a single covenant;

(b) Should it be proposed to formulate a separate covenant on economic, social and cultural rights, the Delegation should oppose the proposal for the reasons set forth above and especially on the ground that the precise formulation of such rights in an international legally binding instrument is impracticable, and that legal remedies for the violation of such rights would be unworkable.

SECTION B

ÉLECTIONS
ELECTIONS

SUBDIVISION I/SUB-SECTION I

POLITIQUE
POLICY

200. DEA/5475-CX-1-40

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

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

CONFIDENTIAL [Ottawa], April 10, 1951

ELECTIONS TO THE PRINCIPAL ORGANS AND COMMITTEES OF THE UNITED NATIONS

I attach for your consideration a copy of a memorandum of August 28† on the subject of Turkey's candidature for one of the non-permanent seats on the Security Council. In a marginal comment on this memorandum you suggested that the time had perhaps come for us to reconsider our increasingly unrealistic policy of refusing to pledge advance support for candidates and confining ourselves to an assurance of "sympathetic consideration".

2. There are, of course, certain advantages in the policy we have followed in the past. Coupled as it has been with a reluctance formally to canvass support for our own candidatures, it has kept us from becoming involved in the more flagrant horse-trading that inevitably occurs in the context of elections to the principal organs and committees of the United Nations. Secondly, our refusal to make advance commitments has left our hands comparatively free, and has enabled us to support the election of countries whose candidature was not definitely announced until the final stages of the electoral campaign. Finally, by responding to the approaches of all prospective candidates in uniformly neutral terms, we have perhaps succeeded in creating a minimum of disappointment and resentment among candidates we are either unable or unwilling to support.

3. On closer consideration, however, it seems to me that these advantages are somewhat precarious in nature. While elections in the United Nations are held by secret ballot, candidates are, as a rule, fairly certain as to the quarters from which they may expect support or opposition. The net result of our traditionally coy attitude, therefore, is probably that we succeed neither in winning friends, as we might by clearly indicating our support for specific candidates, nor in influencing people, where such influence may be required to ensure the election of the most responsible and best qualified candidate.

4. As an illustration of the political advantages which might be derived from an unequivocal advance pledge of support, it would suffice to recall the case of Egypt's recent candidature for election to the Economic and Social Council when we did, in fact, decide to assure the Egyptian Consul-General of our proposed support. Since 1947, when Canada came out in favour of the partition of Palestine, our relations with the Arab world have been cool, if not strained. The Arab thesis has been that Canada was inexorably committed to the policy followed by the major Western powers in the Middle East and a basis of mutual understanding between Canada and the Arab world was thereby precluded from being established. In the light of this slightly exaggerated persecution complex we should perhaps avail ourselves of every opportunity of responding to reasonable overtures on the part of the Arabs, insofar as such a response does not conflict with the general objectives of Canadian policy. Egypt's request that we support its candidature for a seat on the Economic and Social Council presented a good opportunity for creating a more favourable atmosphere in Canadian-Arab relations, and the disadvantages inherent in an advance pledge of support in such a case would seem to be offset by tangible political advantages.

5. Once we have reached a considered decision to support a country for election to one of the principal organs or committees of the United Nations, we should, I think, be prepared to assist our candidate in securing election. The difficulties experienced by Turkey in gaining a sufficient majority for its recent election to the Security Council provide, I believe, a case in point. Canada was strongly convinced that Turkey could play a far more effective role in the Council than the Lebanon, and active Canadian support for Turkey's election might well have succeeded in persuading wavering delegations, where United States efforts to swing the balance in favour of Turkey could be resented as a form of pressure.

6. In the light of these considerations, I believe that we might henceforth abandon the cautious and, in the final analysis, unrealistic attitude we have adopted in the past. Once the field of potential candidates has emerged clearly and we are in a position to reach a definite and final decision, the only sensible course of action would seem to be for us to give explicit assurances to the candidates we propose to support, and to exert some effort in seeing to it that they are elected. This would not, of course, preclude us from confining our response to an assurance of "sympathetic consideration" in cases where it would be politically unwise to make an advance commitment or where we were genuinely uncertain as to our eventual line of action.

7. As a corollary of this policy we should be justified, I think, in pressing our own candidature for office in the organs and committees of the United Nations with more vigour than we have displayed on previous occasions. It is, of course, gratifying for us to be elected on the initiative of others rather than an a result of a systematic and formal campaign of canvassing votes on our part, but I doubt if such an approach is likely to increase our chances of election in the immediate future. The delicate restraint, which characterized our recent bid for a vice-presidency in the General Assembly, lost for us the votes of many friendly delegations which, until the very last moment, were uncertain as to the definiteness of our intentions. There

can be little doubt that a formal request for support at an early stage in the electoral campaign would have assured Canada's election by a substantial margin.

8. I do not believe that a change in our policy, along the lines indicated in this memorandum, would necessarily have to involve us in electoral horse-trading. It should be quite possible for us to be more forthright in regard to our own candidature for office without, at the same time, deviating from our previous practice of supporting other candidates for office solely on the basis of individual merit.[1]

A.D.P H[EENEY]

SUBDIVISION II/SUB-SECTION II

CONSEIL DE SÉCURITÉ
SECURITY COUNCIL

DEA/5475-DW-14-40

201.

Extrait d'une note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Extract from Memorandum from Deputy Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 22, 1951

PRE-ASSEMBLY TALKS

This year the annual pre-Assembly talks are four-cornered — the United Kingdom, the United States, France and Canada. One talk has already taken place in New York and another will probably take place on Tuesday or Wednesday of next week, September 25-26.

. . .

Elections to the Security Council

3. The continuing non-permanent members are the Netherlands, Turkey and Brazil. The retiring members are India, Ecuador and Yugoslavia. We have promised our support to Pakistan to replace India. We have been informed that the Latin American states are considering Chile or El Salvador as a replacement for Ecuador. I think we should use whatever influence we can against the candidacy of El Salvador, which obviously does not meet the primary requirement of Article 23.[2]

4. The main difficulty in elections to the Security Council will be over the election of the successor to Yugoslavia. The State Department appears to be determined not

[1] Note marginale :/Marginal note:
I agree with the conclusions reached above. They seem sensible to me L.B.P[earson]

[2] L'article 23 de la Charte des Nations Unies décrit la composition du Conseil de sécurité et les conditions d'admissibilité.
Article 23 of the United Nations Charter describes the composition of the Security Council and eligibility of membership.

to support any candidate from a Cominform state. At first they thought of Greece as a possible successor to Yugoslavia and later on of Ethiopia.

5. I am not myself impressed by the arguments against electing a Soviet satellite.[3] It seems to me that one serious disadvantage of not electing a Soviet satellite, particularly as long as the Peking Government is not represented at the Security Council, is that the Security Council is obviously being packed against the Russians. This, like the votes at the San Francisco Japanese Peace Conference, tends to mislead opinion in our own countries about the comparative strength of the Soviet and the non-Soviet worlds. It seems to me that the only argument against electing a Soviet satellite, such as Poland, is that it increases the difficulty of mustering the necessary seven votes in the Council. I do not see, however, why this should be particularly difficult, except on very rare occasions. If the three Western Powers in the Council are agreed, they will have no difficulty in getting the two Latin American votes and the votes of the Netherlands and Turkey. This will give them seven votes. As long as Nationalist China is on the council, they can usually get the Chinese vote, and on most issues they ought to be able to get the Pakistani vote. About the only time when they will face difficulties will be on votes on Asian questions, such as Kashmir and Palestine.

6. If the Assembly decides against electing a non-Cominform state to succeed Yugoslavia, I suggest that the successor should come from that great part of the world which lies between Pakistan and the Pacific coast of the Americas which would otherwise be unrepresented on the Council, except by the puppet regime in Formosa. Indonesia might be the best but we could not have three Muslim states on the Council at the same time (Turkey, Pakistan and Indonesia). The choice would therefore seem to lie between Burma and Ethiopia.[4]

E. R[EID]

202. DEA/5475-CX-1-40

Note de la Direction des Nations Unies pour le conseiller de la délégation permanente auprès des Nations Unies

Memorandum from United Nations Division to Advisor, Permanent Delegation to United Nations

CONFIDENTIAL [Ottawa], October 2, 1951

ELECTIONS TO SECURITY COUNCIL

I asked Mr. Pearson to amplify his views on the seat to be vacated by Yugoslavia. He said:

[3] Note marginale :/Marginal note:
I agree [L.B. Pearson]

[4] Le Ministre a fait valoir le cas de l'Éthiopie et a ajouté la note marginale suivante :/The Minister underlined Ethiopia and added the following marginal note:
Probably the better of two unsatisfactory candidates L.B.P[earson]

(1) His first preference was for a Soviet-satellite state. We should therefore, in pre-Assembly talks, continue to advocate this.

(2) However, we should not, at the Assembly, vote for a satellite state if the U.S. and U.K. were supporting a non-Communist state.

(3) Among the non-Communist states mentioned for the seat, Mr. Pearson's preference, at least until pre-Assembly talks cleared the atmosphere further, was for Ethiopia because of her contributions to the United Nations effort.[5]

S. MORLEY SCOTT

DEA/5475-CX-1-40

203.

Le représentant permanent par intérim auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Acting Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 717

New York, October 5, 1951

CONFIDENTIAL

Repeat Washington No. 506.
Reference: Our letter No. 1055 of September 20† and our teletype No. 714 of October 4.†

PRE-ASSEMBLY TALKS — SECURITY COUNCIL ELECTIONS — "SATELLITE SEAT"

1. At yesterday's pre-Assembly talks, Gross said that the State Department had been reviewing their policy for Security Council elections and still favoured Greece as a candidate for Yugoslavia's seat.

2. When the rest of us said that we were not greatly impressed by the arguments against electing a satellite, Gross said that they still had an open mind concerning possible compromise candidates but they would not contemplate voting for a satellite. If the Korean fighting continued, he said, he thought it inconceivable that a satellite would be elected. He therefore urged us to ask our governments to consider second choice candidates. If there was no prior understanding among us whatever, there would be great confusion in a free for all election in Paris.

3. We then discussed possible second choices in a very tentative way. Gross said that Romulo had told him in confidence that the Philippines might run for Yugoslavia's seat and would, if elected, withdraw from ECOSOC. The United Kingdom and French said they thought that the Philippines had already had more than their share of United Nations offices and proposed Thailand. We said that as between

[5] Note marginale:/Marginal note:
Mr. Reid: This is an *obiter dictum* from the Minister following his talk with the Chilean Ambassador. S.M.S[cott].

Burma and Ethiopia, you would prefer the latter, particularly in view of their Korean contribution, although you were not much impressed with either candidate.

4. The United States are still thinking of Lebanon as a possibility (see our letter No. 1055) as, unless an Arab were already on the Council, they would oppose Greece as a replacement for Turkey next year. United Kingdom do not want an Arab.

204. DEA/5475-CX-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 76 Paris, November 21, 1951

CONFIDENTIAL

SECURITY COUNCIL ELECTIONS

1. When the Security Council elections take place at the next plenary of the Assembly, Pakistan and Chile are virtually assured of election. We shall vote for both. Chile is the choice of the Latin-American caucus which has picked Salvador for the Trusteeship Council.

2. As regards the Yugoslavia seat, only Greece and the Philippines are in the running, and the Philippines hardly qualify as "Eastern European" — a tradition it might be well to maintain. Ethiopia has expressed desire to be on the Council and has abstained on almost everything so far. I think we shall vote for Greece.

3. Some of the reasons which have led me to favour Greece are given in a memorandum which will be forwarded to you in the next bag.

205. DEA/5475-CX-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

DESPATCH 47 Paris, November 21, 1951

CONFIDENTIAL

Reference: My telegram No. 76 of November 21, 1951.

SECURITY COUNCIL ELECTIONS

I am enclosing a copy of a memorandum of November 14th giving some of the reasons which led me to decide to support Greece for the Security Council seat being vacated by Yugoslavia.

DAVID M. JOHNSON
for Chairman

[PIÈCE JOINTE/ENCLOSURE]

Note du représentant permanent auprès des Nations Unies pour le secrétaire d'État aux Affaires extérieures

Memorandum from Permanent Representative to United Nations to Secretary of State for External Affairs

CONFIDENTIAL [Paris], November 14, 1951

SECURITY COUNCIL ELECTIONS — YUGOSLAV SEAT

From what you said at the meeting this morning, I gather you have not yet made up your mind as to whether to vote for a satellite or Greece. Ethiopia has expressed no desire to be on the Security Council, and the Philippines hardly qualify as "Eastern European".

2. There is still a good deal of obscurity, in my mind at least, as to the nature of the understanding between the Great Powers on the "Eastern European seat". You have your own recollections to draw on, but, as you know, the Americans do not admit that there ever was an understanding to give the "Eastern European seat" to the Soviet nominee every year. Some kind of agreement was reached in London in 1946, which recognized that, for the First Assembly, the Western Powers would not oppose a Soviet nominee, thus giving the communists a second seat on the Security Council. Perhaps the implication of this agreement was that it might be extended in future years,[6] but Sir Gladwyn Jebb, who was a party to the agreement reached in London, does not challenge the American interpretation that it applied only to the first Session of the Assembly.

3. Not only do the Americans now deny that the agreement was intended to cover future years, but they argue that even when the agreement was made it was understood as a precedent applying to the election of an Eastern European state — and at that time Czechoslovakia was not a communist state.

4. If we accept the thesis that no promises were ever made to the Russians to vote for their nominee for the Security Council, all we now have to go on is the well-established precedent that a Council seat goes to an Eastern European country. Greece, like Yugoslavia, qualifies under this heading. From the point of view of the Soviet Union, the provocation was certainly greater in electing Yugoslavia last year than it would be if Greece were elected this year.

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[6] Note marginale :/Marginal note:
This was certainly the implication generally drawn [L.B. Pearson].

5. The Greeks themselves have been using a further argument with delegations such as ours who are known to favour the tradition of electing a satellite from that part of the world. They say that this year the effective choice is between Greece and the Philippines — now that the United Kingdom has decided not to vote for a satellite. While there might be much to be said for not limiting the chances of election of states in other parts of the world by maintaining the tradition of an Eastern European seat, the Greeks argue that if we wish the tradition to be kept alive, we would do better to vote for them than for the Philippines, so that, if there should be an easing of the tension between East and West, we might again elect a Soviet nominee without too much inconsistency.

6. So far as we know at present, the only delegation with which we are closely associated which is still thinking seriously of voting for a satellite is the Australian delegation, and they are not definite.

7. There is some discussion in the commentary of the undesirability of "packing" the Security Council with N.A.T.O. countries, especially while the Nationalists continue to represent China. This is certainly not a point to be lightly dismissed. On the other hand, an analysis of the voting in the Security Council in recent months, and notably the example of the Anglo-Iranian dispute, shows how difficult it is even now, with Yugoslavia rather than a satellite on the Council, to secure seven affirmative votes. Abstentions are increasingly in vogue. Further, with the strong possibility that there will be a cease-fire in Korea and the perhaps more remote chance that this might lead to a change in Chinese representation in the United Nations within the next year, it seems to me gratuitous to give away a seat on the Council. Three Soviet votes would better reflect the real balance of power in the world but would tend to make it still more difficult for the Council to agree on anything but the weakest and lowest common denominator in any situation.

8. The difficulty of getting seven affirmative votes in the Security Council might be of very considerable importance to Canada in the field of collective security. We want the U.N. to be able to act in this vital field. We have supported the "Uniting for Peace" resolution and the Collective Measures Committee. We now have means of circumventing a Soviet veto in the Council. But we have no way of getting U.N. action without seven affirmative votes in the Council.[7]

DAVID M. JOHNSON

[7] La Grèce a été élue au Conseil de sécurité le 20 décembre 1951 au dix-neuvième tour de scrutin. Greece was elected to the Security Council on December 20, 1951 on the nineteenth ballot.

SECTION C

DÉSARMEMENT
DISARMAMENT

206. DEA/50271-40

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], October 27, 1951

THE NEW U.S. PROPOSALS ON REDUCTION OF ARMAMENTS

The two attached telegrams from Wrong (WA-3825 and WA-3827)† relate to the new U.S. position on the regulation and reduction of all armed forces and armaments including atomic weapons. This new position is set out in a paper which has been approved by Mr. Truman, Mr. Acheson and Mr. Lovett; the text appears in WA-3825.[8] The paper is regarded as so secret that it has not yet been given to the U.S. Permanent Delegation to the U.N., and among foreign governments has so far been shown only to the U.K. and ourselves. It is expected, however, that the U.S. Ambassador in Paris will very shortly discuss it with Mr. Schuman in an effort to obtain French support for joint action by the Big Three at the opening of the Assembly.

We have not yet had time to prepare a well-rounded and detailed commentary on the new U.S. proposals, and these notes are made up of preliminary remarks on particular aspects of the subject. The attached telegram to Wrong, for your signature if you approve, prescribes a course of action which appears to meet the immediate circumstances.

A. *New Features*

There appear to be two really new features incorporated in the U.S. paper; outside of these and some propaganda material, it does not differ notably from the terms of the General Assembly resolution of 1946 on disarmament.[9]

The first new point is the express willingness of the U.S. Government to accept as a *first step* "a progressive system for international disclosure and verification of *all* armed forces and armaments on a continuing basis. This means revealing in appropriate stages all armed forces — including para-military, security, and police forces — and all armaments, *including atomic*, and providing for proper and progressive international inspection to verify the adequacy and accuracy of this information." Hitherto the U.S. has not been prepared to disclose atomic weapons.

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[8] Voir/See United States, Department of State, *Foreign Relations of the United States (FRUS)*, 1951, Volume 2, Washington: United States Government Printing Office, 1979, pp. 559-562.

[9] Voir/See Volume 12, pp. 801-21.

The second new point is the list of criteria, termed "examples which could be suggested for consideration in the course of detailed negotiations on the programme" for the regulation, limitation and balanced reduction of all armed forces and armaments. This schedule of criteria is something which has not been attempted since the debates on disarmament in the League of Nations; it appears to lead to proposals of the same general type of those put forward in the League, although we have not yet had time to work out in detail the implications of the criteria listed. This point is discussed in the attached telegram to Wrong.

B. *A Genuine Offer?*

We now know that the U.S. refusal in 1946 to disclose the number of atomic weapons which it held arose from the fact that the number was very small. This is no longer the case, and perhaps the U.S. would rather like to make public the figures on the respective atomic capabilities of the U.S. and the U.S.S.R. now, when the disparity is greater proportionally as it is ever likely to be again. If so, the U.S. may in this proposal be making a genuine offer to the U.S.S.R. in the hope that the latter will accept, and not be putting forward a proposal they do not themselves believe in, in the expectation that the Russians will reject it. At any rate, considered as a genuine offer, the paper appears to us to be a good proposal; it is the first U.S. overture which gives any appearance of being a real effort at horse-trading, and in this light it appears both realistic and enlightened.

C. *Propaganda Aspects*

It may be that there is no expectation in the U.S. that the U.S.S.R. will nibble. In this case, presumably the proposal is being put forward as a propaganda exercise. As such, it is from the U.S. point of view a good manoeuvre, for it will help to reduce the doubts of the countries of Western Europe that the U.S. is honestly willing to seek for a real accommodation with the Russians and is not hell-bent for a show-down. Unless the Russians come out with something even better at the Assembly, this proposal should also capture the propaganda initiative for the West for the sweeping references to reduction of international tensions, easing of the burden of armaments, cessation of fighting in Korea and reduction of the danger of war are supported by at least one concrete and significant concession on atomic energy.

D. *Tactics*

The U.S. hopes that the U.K. and France will support it in sponsoring this proposal in the Assembly, but is likely to go ahead on its own if necessary. We are told that these new proposals, having been approved at the very top level, are not subject to modification for bargaining purposes but represent a firm position. On most of the points covered, this is probably justifiable, but there is one item which we think might be of value as a bargaining counter should the U.S.S.R. show any interest. This point is the reference to the Majority Plan for atomic energy which in the context appears to us superfluous; it is not a necessary safeguard, and it is possible that a skilful approach on our part might persuade the U.S. that this reference could be deleted if genuine negotiations should develop.

It is intended that Mr. Acheson shall put forward the new proposals in his opening speech, but it is unlikely that any real answer can be given by the U.S.S.R. until a good deal of time is spent in examining the terms. The Americans wish to have their proposal considered as a separate new item on the agenda instead of being considered in the debates on the report of the Committee of Twelve.[10]

A.D.P. H[EENEY]

DEA/50271-40

207.

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-2096 Ottawa, October 27, 1951

TOP SECRET

Your messages WA-3825 of October 25† and WA-3827 of October 27.†

NEW U.S. PROPOSALS ON REDUCTION OF ARMAMENTS

Following for Wrong from Pearson: In our immediately following teletype we are giving the text of a preliminary note prepared in the Department on the contents of your messages. In this message I shall outline certain steps which you might take.

2. It seems to me that there are certain significant gaps in our information on this subject. From paragraph 3 of your message WA-3827 I judge that Franks and Acheson have been discussing this matter for some time. It would be most valuable if you would talk to Franks, explaining our interest in the proposals which have just been made known to us and admitting frankly that we are not sure to what extent this is a genuine offer and to what extent a propaganda exercise. Apparently the original initiative lay with the U.K., but the project appears now to have been taken up vigorously by the U.S. It seems that in the course of this development the project has changed in character. ("The U.K. Government had pressed for a general program of disarmament and said that the U.S. proposals might be considered as falling short of the U.K. *desiderata*." "The most important consideration in the view of the State Department is that the Western Powers under the U.S. leadership should take the initiative at the outset of the General Assembly meeting in the general debate on the issue of 'peace'.") Any light which Franks can throw on the background of these proposals would be useful, and I should like particularly to know what U.K. *desiderata* the U.S. has refused to incorporate.

[10] Au sujet des origines du Comité des 12, voir le volume 16, pp. 514-538; pour un bref résumé de ses travaux, voir Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies, 1951-52*, Ottawa, Imprimeur de la reine, 1952, p. 11.
On the origins of the Committee of 12, see Volume 16, pp. 514-38; for a brief account of its work, see Canada, Department of External Affairs, *Canada and the United Nations, 1951-52*, Ottawa: Queen's Printer, 1952, p. 11.

3. Other points on which I should be glad to have fuller information arise from the actual text of the U.S. paper. Does the U.S. Government envisage a timetable according to which agreement concerning the procedures for disclosure and verification would be reached, the disclosures made, and the necessary inspection machinery then established, or is it intended that the inspection teams should actually be in existence and ready to function prior to any significant disclosures being made? I am doubtful whether the U.S.S.R. would be willing to accept the latter alternative, while there might be very serious risks for us in the former; the U.S. paper appears ambiguous on the question of which scheme should apply.

4. Another point on which I am concerned is the criterion set out in para. 4C (2) of WA-3825 to determine the magnitude of permissible defence spending. Surely to use national product alone is to weight the scale so much against the highly-populated have-not countries that it could not be taken seriously by them. A more realistic criterion, I should judge, would be one incorporating in a single formula two variables such as national product and per capita defence expenditure. I notice, however, that these criteria are put forward as "examples which could be suggested for discussion", so I presume that they do not fall under the ban in para. 5 of WA-3827 ("The U.S. representatives would not be in a position to go any further than the position set out in the U.S. paper.")

5. While, as indicated above, we recognize the difficulties of working out this proposal and how much remains to be done to fill in the details, you should be sure to make clear to the State Department that we welcome this initiative and agree with the general principles which underlie the proposal.

6. These and other questions could perhaps be discussed with Matthews. I think, however, that you should wait until we have had an opportunity to digest what information you may be able to get from Franks, and to give more thought here to the particular aspects of the U.S. paper which you might go into with Matthews, before approaching him.

208. DEA/50271-40

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-3860 Washington, October 30, 1951

TOP SECRET. IMPORTANT.

Reference: Your EX-2096 of October 27th and EX-2097 of October 29th.†

NEW UNITED STATES PROPOSALS ON REDUCTION OF ARMAMENTS

1. As a first stage in filling the gaps in our information referred to in your message, I obtained from the British Embassy some information on the background of

these proposals including the nature of the United Kingdom *desiderata* on this subject.

2. The consideration of new proposals on the reduction of armaments apparently originated from discussions which took place in the Deputies of the Council of Foreign Ministers when they were working on a possible agenda for a meeting of Foreign Ministers earlier this year. In their talks in Paris, the Deputies of the 3 Western Foreign Ministers agreed that any discussion of the release from present international tensions would have to include the question of disarmament.

3. When efforts at convening the Foreign Ministers of the four powers were frustrated, United States and United Kingdom officials continued informal consultations on this question in Washington. Apparently about two months ago it was decided that preparations should be made for the submission of new proposals in the United Nations and it was agreed that United Kingdom and United States officials separately would study the problem and work out separate schemes on which they would then consult.

4. These talks apparently were confined to United States and United Kingdom officials on the "working level". Franks had one talk with Acheson some weeks ago on this question, but they have not been involved in substantive discussions. The United Kingdom and United States studies, although conducted separately, were based on a similar premise, namely, that the main object of the exercise was to gain initiative in the propaganda for peace in the United Nations. It was also assumed that there is no contradiction between the making of a genuine offer for the regulation and reduction of armaments and conducting a useful propaganda exercise. It was recognized that to be effective from a propaganda point of view, it was necessary to put forward a scheme which could be implemented by all nations concerned (in the unlikely event it were accepted in good faith by the Soviet Government).

5. The United Kingdom officials in their scheme, placed primary emphasis on the need for specific criteria which would govern the level of military manpower and armaments. General language, they thought, would be ineffective compared with the specific percentage cut proposed on more than one occasion by the Soviet Union. The United Kingdom scheme also referred primarily to the five great powers — the United Kingdom, United States, U.S.S.R., France and China. Their proposals apparently envisaged that there should be a five power parity in military manpower of 3 million for the west and 3 million for the east. Each of the five would be permitted to have roughly 1 percent to 1 1/2 percent of its population included in its armed forces with an absolute ceiling of one million or one and one-half million. Russia and China would be permitted a ceiling of say one and one-half million each; this ceiling would be balanced by permitting the United States one and one-half million effectives and France and the United Kingdom seven hundred and fifty thousand each. It was envisaged that limitations on the level of armaments would be worked out in relation to the manpower quantities indicated above. The United Kingdom plan also suggested that there should be a more concrete timetable governing the various stages of implementation, including procedures of verification and disclosure.

6. The British Embassy emphasized that these United Kingdom proposals never had any ministerial clearance. Since the change of government in London, it is doubtful whether they will be submitted for the consideration of ministers, since they differ markedly in conception from the more general but limited proposals which have now been approved by President Truman and Messrs. Acheson and Lovett.

7. Apparently on the United States side, objections were raised to including specific percentages or other figures on the grounds that this kind of detail should be left to subsequent negotiation, after it had been clearly established whether the Soviet Union was willing to co-operate to the extent of negotiating on the basis of a plan which provides for safeguards, including complete disclosure of existing armaments and armed forces accompanied by international verification.

8. Having in mind the record of the Soviet attitude in the discussions on the regulation and reduction of armaments, the more cautious United States attitude seems to be justifiable. It was, of course, acknowledged in the bilateral consultations in Washington, that there was a distinct possibility that the Russians might make the gesture of accepting the proposals on the reduction of armaments for their propaganda effect and then stall the detailed negotiations which would presumably have to follow.

9. The British Embassy has not received any new instructions on this matter since the change of government in London. It was thought not unlikely that the United Kingdom Government would agree to associate themselves with the sponsorship of the new proposals. The British Embassy realizes that there is a strong current of opinion in the United States, expressed in Congress as well as in organizations such as the American Association for the United Nations, which favors the United States taking the initiative in new proposals for disarmament. They referred to the resolutions submitted by Senator McMahon, as well as other Senators in the 82nd Session of Congress, on this question, as well as to the memorandum submitted by the American Association for the United Nations yesterday to the United States delegation to the General Assembly urging the United States Government to "put forward bold proposals" at the General Assembly for disarmament.

10. We were also told by the British Embassy that the United Kingdom Government has now obtained the consent of the United States Government to inform certain other Commonwealth Governments, namely, Australia, New Zealand, South Africa through the High Commissioners in London, of the discussions which have been going on. The French Government has been informed by the United States Government.

11. I think that in your message to me and in the memorandum given to the minister a false antithesis is included in describing the United States proposal as either "a genuine offer" or as "a propaganda exercise". I feel sure that the proposals are both genuine and designed for propaganda employment, and surely the best propaganda is based on a statement of intentions which one is ready to carry out if agreement is secured. I also think that it would be very difficult to persuade the State Department to eliminate all reference to the United Nations plan for control of atomic energy,

since if this is not mentioned the Russians might use the proposal as another occasion for pushing their own alternatives.

209. DEA/50271-40

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-2112 Ottawa, October 30, 1951

TOP SECRET. IMPORTANT.

Repeat London No. 1936; Candel Paris No. 1.
Reference: Our EX-2096 of October 27 and your WA-3860 of October 30.

NEW UNITED STATES PROPOSALS ON REDUCTION OF ARMAMENTS

The information in your message gives us a much clearer picture of the background of the new proposals. For our part, we have today been given by the U.K. High Commissioner's Office three telegrams from the C.R.O. including the text of the U.S. proposals and certain U.K. comments on them. The only new information thus obtained is given in the following quotation: "However, with a view to launching their programme to the greatest advantage, United States Government propose that shortly before the opening of the Assembly, the United Kingdom and French Prime Ministers should join with the President of the United States in issuing a tripartite statement foreshadowing the disarmament programme." With this in mind, and with our earlier comments as general guidance, you might now have a talk with Matthews about the subject and perhaps sound him out on whether such a statement is likely.

2. Incidentally, we agree with the point made in the first two sentences of paragraph 11 of your message WA-3860. Indeed, the false antithesis to which you refer was introduced inadvertently and arose from our uncertainty as to whether or not the United States really is ready to carry out the terms of the new proposal if agreement should be secured.

210. DEA/50271-40

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-3878 Washington, November 1, 1951

TOP SECRET. IMPORTANT.

Reference: Your telegram No. EX-2112 of October 30th.

NEW UNITED STATES PROPOSALS ON REDUCTION OF ARMAMENTS

1. In conversation with Hickerson (who is handling this subject in the State Department rather than Matthews) he provided a good deal of further information today about the background and nature of the United States proposal and also about the way in which it is to be presented.

2. In outlining the philosophy behind the proposal Hickerson stressed two points. He emphasized first that, in the State Department's view, if there were to be an initiative of this general kind, it must be an honest initiative. It must be a proposal that the United States would be glad to see accepted. Although Hickerson, from past experience, was not sanguine that the Soviet Union would accept this proposal, he asserted that it had been very carefully considered and that the United States would be prepared to live with it if by any lucky chance it did prove acceptable. Secondly, Hickerson explained that it was believed in the State Department that progress towards disarmament could be made only if the problem of inspection could be solved. For that reason, they had put at the forefront of the United States proposal the necessity of "a progressive system for international disclosure and verification".

3. In tracing the history of the proposal, he said that the consultations with the British had grown both out of the meetings of the Deputies of the Council of Foreign Ministers (as I reported in my telegram No. 3860 of October 30th†) and also out of exchanges between the United States and United Kingdom representatives on the United Nations Committee of Twelve. Sir Pierson Dickson had discussed this subject with Hickerson when he was in Washington in September with Mr. Morrison. Early in October, a Foreign Office official had come to Washington and had worked on an early United States draft with officials in the State Department. As a result of this cooperation a joint (United States-United Kingdom) paper was produced about the middle of October, which had not, however, secured the approval of either government.

4. The chief difference between the earlier joint paper and the memorandum sent you under cover of our despatch No. 3825 of October 25th[1] was that in the earlier

[1] Voir/See *FRUS*, 1951, Volume I, pp. 559-562.

draft illustrative figures were included for sub-paragraphs 1 and 2 of paragraph 4C of the present paper. At that time it was intended that sub-paragraph 1 should read:

"Limiting the size of armed forces including para-military security and police forces to a fixed percent of population, *say one percent*, but subject to a ceiling for any country of an agreed maximum figure, *say one million*."

The percentage of national product proposed, in a similarly tentative way, as the ceiling in sub-paragraph 2 would have been *five percent*.

5. The Pentagon were unconvinced of the wisdom of including such illustrative figures at this early stage in the initiative, although they would have been prepared to see these figures used, if in fact negotiations with the Soviet Union developed. Mr. Acheson also was doubtful whether figures should be included. It was the President himself who took the decision to omit them. Those who have worked on this project in the State Department are inclined to regret their disappearance, since concrete figures, they think, might have added considerably to the propaganda effectiveness of the initiative. They are anxious, however, to make clear that the paper you have received represents the very farthest that the United States can go now; and I think you will agree that it shows a very considerable advance.

6. One other point worried Mr. Acheson. He was concerned lest the launching of this proposal should lead the public here and in other countries "up the garden path" and give them the impression that there had been some marked improvement in the international situation. There can be no such improvement, in his opinion, until the Soviet Union has shown some willingness to negotiate the outstanding political issues which now embitter its relations with the West. It was to meet this point of Mr. Acheson's that paragraph 6 of the present memorandum was inserted.

7. Hickerson provided a good deal of clarification of the way in which the proposed system of disclosure and verification would operate if it were ever accepted and put into practice. He said categorically that it was essential that agreement concerning the procedures for disclosure and verification should be reached and that inspection teams should actually be in existence before any disclosures were made. He also threw some light on what is meant by "*a progressive system* for international disclosure and verification". The idea would be to start with the easiest categories first. For example, it might be agreed that the number of training camps or the size of police forces should be the first data to be disclosed. The disclosure would proceed according to an ascending scale of sensitivity. This would mean that information concerning atomic weapons would be disclosed at a comparatively late stage although it would not necessarily be reserved for the very final stage. Indeed, information about nuclear activity would in all probability be spread over a number of stages. It might be proposed, for example, that information about output and reserves of fissionable materials should be disclosed relatively early; then information about refining capacity might be asked for; and so on until, ultimately, significant figures for the capacity of the various countries to produce nuclear fuel would be available. The counting of bombs by themselves would have little meaning.

8. In discussing the reference in paragraph 4D of the paper to the United Nations plan for the international control of atomic energy, Hickerson said firmly that, in spite of the phrase "unless and until a better and more effective plan can be

devised", the United States Government has no other plan in mind. No decision has yet been taken as to what course should be pursued if the Soviet Union seemed inclined to accept all the other facets of the proposal with the exception of the United Nations plan for the control of atomic energy.

9. In your telegram No. 2096 of October 27th, you suggested that the use of national product alone as a criterion for setting a ceiling on permissible defence spending was unrealistic. Some explanations of sub-paragraph 4 (2) that Hickerson provided may help to remove this stumbling-block. He pointed out that, since it was proposed that production for military purposes should be restricted, so that it bore a direct relation to the amount needed for the armed forces, a cross rate, as it were, would be established between manpower and defence expenditure and this would provide an additional ceiling on defence spending. If this ceiling in the case of the United States, for example, were lower than the ceiling reached by taking a percentage of the national product of this country, the lower ceiling would prevail. He was unwilling, however, to have the formula proposed in the United States memorandum diluted by adding present per capita defence expenditure as a further criterion. Any such step would tend to freeze the relative state of military preparedness of the Soviet Union and the west in its present disequilibrium.

10. Preliminary soundings in Paris show that the French will probably be willing to join in sponsoring this proposal before the United Nations. No hint has yet been received from London of the British reaction. The State Department are anxious to have both French and British support, but will proceed without it if necessary. If it proves impossible for the British to associate themselves with the proposal, the State Department would prefer to launch it themselves rather than to be supported merely by the French. It is still hoped, however, that it may be possible for Truman, Churchill and Pleven to issue identical statements presenting the proposal about noon on November 7th. This statement would be, as it were, a précis of the paper which you have already received.

11. After that, it is intended that the following steps should be taken:

(a) Truman would deliver a "fireside chat" on the night of November 7th; and it is thought that Churchill and Pleven might make similar broadcasts.

(b) The next day Acheson, at an early stage in the general debate in the Assembly, would make a much fuller statement in which the whole of the memorandum which you have seen would be incorporated. He would also ask that this be placed on the agenda of the Assembly as a new and separate item.

(c) The British and French representatives would support Acheson before the Assembly, if they were by then in a position to do so.

(d) The General Committee would be asked to approve the United States request that this be placed as a new item on the agenda and to assign it to whichever of the Assembly committees is to be responsible for considering the report of the Committee of Twelve, i.e. either to the Political Committee or to the Ad Hoc Committee.

(e) In one or other of these committees this new proposal would be considered together with the report of the Committee of Twelve.

(f) When the report of the Committee of Twelve has been approved and when a new commission has been established in accordance with its recommendations, a formal resolution would then be introduced to refer this United States proposal to the new commission. At every stage in the procedure in the United Nations an effort would be made to draw out the Russians and to make them take up a position towards the proposal.

12. Hickerson concluded that he very much hoped they could count on Canadian support. In reply, he was merely told that this United States initiative had been warmly welcomed in Ottawa.

DEA/50271-40

211.

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 38 Paris, November 15, 1951

SECRET. IMMEDIATE.

Reference: Your telegram No. 7 of 2 November.†

UNITED STATES DISARMAMENT PROPOSAL AND REPORT OF COMMITTEE OF TWELVE

The first committee will probably meet Saturday morning 17 November to agree on order in which items will be taken up. As soon as this is settled, it is expected that "disarmament" and "Committee of Twelve report" will be taken up together: This may begin Monday, 19 November.

2. My immediately following telegram gives text, as it stands at present, of United States draft for resolution on both items. It is expected that this will be sponsored jointly by United States, United Kingdom, and France, but the delegations have not yet agreed on a text. The text has therefore not yet been shown to other delegations, and we have only today been given this text in "special confidence" by United States delegation.

3. The main reservation of United Kingdom and French delegations concerns the advisability of highlighting detailed criteria to relate size of armed forces to populations. United Kingdom delegation thus far feel that these details should be left for debate inside the Commission. I understand that the French, who were not consulted much in advance, are concerned particularly at their dwindling population relative to Germany. The United Kingdom feels that there would be many other examples of concern which would be brought out in the general debate — for example, Israel worrying about much larger population of Egypt.

4. The United Kingdom delegation is also inclined to deprecate the provision in paragraph 4 of United States draft for twice yearly reports to Security Council and General Assembly or member governments, as they think that these reports would

merely be statements of Soviet obstructions, and would lead to unnecessary and repetitious poisoning of atmosphere.

212. DEA/50271-40

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 39 Paris, November 15, 1951

CONFIDENTIAL. IMMEDIATE.

Reference: My immediately preceding telegram.

DISARMAMENT AND REPORT OF COMMITTEE OF TWELVE

Following is tentative text of draft resolution: Text Begins:

The General Assembly

Desiring to lift from the peoples of the world the burden of increasing armaments and the fear of war, and to liberate new energies and resources for positive programs of reconstruction and development,

Believing that the necessary means to this end is the development by the United Nations of comprehensive and coordinated plans, under international control, for the regulation, limitation and balanced reduction to levels adequate for defense but not for aggression of all armed forces and all armaments, and for the effective international control of atomic energy to ensure the prohibition of atomic weapons and the use of atomic energy for peaceful purposes only,

Recognizing that a genuine system for disarmament must include all kinds of armed forces and armaments, must be accepted by all nations having substantial armed forces, and must include safeguards that will ensure the compliance of all such nations,

Noting the report of the Committee of Twelve established by resolution 496(v), and especially its recommendation that the General Assembly establish a new commission to carry forward the tasks originally assigned to the Atomic Energy Commission and the Commission for Conventional Armaments,

1. *Establishes* an Arms Reduction Commission under the Security Council, having the same membership as the Atomic Energy Commission and the Commission for Conventional Armaments;

2. *Dissolves* the Atomic Energy Commission and recommends to the Security Council that it dissolve the Commission for Conventional Armaments;

3. *Directs* the Arms Reduction Commission to prepare a draft of a treaty (or treaties) for the regulation, limitation and balanced reduction of all armed forces and all armaments. The Commission shall be guided by the following principles:

(a) In a system of guaranteed disarmament, there must be progressive disclosure and verification on a continuing basis of all armed forces — including para-military, security and police forces — and all armaments, including atomic.

(b) There must be effective international inspection to verify the adequacy and accuracy of the information disclosed.

(c) In working out plans for the regulation, limitation, and balanced reduction of all armed forces, and all armaments, the Commission should seek to formulate criteria of general application, which could be simply and clearly stated. The Commission might consider, among other criteria, whether in the case of armed forces the size of such forces should be related to population, and whether in the case of armaments the amount of such armaments should be related to national production, subject to maximum national figures for both armed forces and armaments.

(d) After formulating limits and restrictions for all armed forces and all armaments, and within these limits and restrictions, the Commission should consider methods of developing mutually-agreed national programs concerning the armed forces and armaments that each country would maintain.

(e) In formulating the draft treaty (or treaties) referred to above, the Commission should include provisions for the international control of atomic energy which would be no less effective than the United Nations plan in ensuring the prohibition of atomic weapons and the use of atomic energy for peaceful purposes only.

(f) There must be an adequate system of safeguards to ensure observance of the disarmament program, so as to provide for the prompt detection of violations while at the same time causing the minimum degree of interference in the internal life of each country.

(g) The treaty (or treaties) should be open to all States for adherence and must be ratified by at least those States whose military resources are so substantial that their absence from the program would endanger it.

4. *Directs* the Commission to commence its work not later than thirty days from the adoption of this resolution and to report at least twice a year to the Security Council and to the General Assembly, or to the members of the United Nations when the General Assembly is not in session;

5. *Requests* the Secretary-General to convene a conference of all States to consider any draft treaty (or treaties) prepared by the Commission as soon as the work of the Commission shall have progressed to a point where in the judgment of the Commission any part of its program is ready for submission to governments.

6. *Requests* the Secretary General to furnish such experts, staff, and facilities as the Commission may consider necessary for the effective accomplishment of the purposes of the present resolution. Text ends.

213. DEA/50271-40

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 50 Ottawa, November 16, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 2067.
Reference: Your telegrams Nos. 38 and 39 of November 15.

U.S. DISARMAMENT RESOLUTION

We have not yet had time to obtain the views of National Defence on the U.S. text given in your telegram No. 39. As the subject may come up for discussion, before we have an opportunity to do so, we are sending you now our own preliminary views.

2. We are favourably impressed by the United States draft resolution. It seems to us that the language and tone are such as to make it difficult for the Russians to reject the resolution and that the resolution can therefore be represented as a serious effort to launch disarmament discussions. This makes it good propaganda.

3. We suggest that, in debate, stress should be laid on the point that there is nothing in the resolution which conflicts with the terms of the disarmament resolution of December 14, 1946, which the Russians and all other members of the Assembly accepted. So far as we can see, the only substantial differences are the inclusion of a specific provision for the disclosure of atomic weapons and the suggestion of possible criteria to be applied in the regulation of national armaments and armed forces. The Russians have always wanted the disclosure of atomic weapons and the criteria mentioned are only suggestions and do not appear to be loaded against the Russians.

4. Some of the points made in the resolution of December 14, 1946, are omitted from the new U.S. resolution but we assume that if the Russians want these points included, the Western Powers would be willing to include them.

5. We are not impressed by the arguments against mentioning the criteria which are set forth in paragraph 3 of your telegram No. 38. If the criteria are not mentioned, the resolution will not constitute a very great advance over the resolution of December 1946.

6. The possible French and Israeli objections to the criteria would apply to any reasonable disarmament proposal and in effect represent opposition to any realistic disarmament scheme.

7. We note that the second criterion is now related to "the amount of armaments" rather than to "the portion of national production which could be used for military purposes". We are inclined to prefer the earlier wording. Presumably, it has been amended because of the fact that the United States spends much more per soldier in

the maintenance of its armed forces (as distinct from armaments) than most of the other countries.

8. The unequivocal application of an upper limit both to the size of armed forces and the amount of expenditure is an improvement over the previous proposal.

9. The language in Paragraph 3(e) on atomic energy is well chosen since it gives the Russians no valid reason for objecting.

10. The language of paragraph 3(g) needs some tightening up. Instead of "must be ratified" it should read "should come into force when ratified".

11. We suspect that the provision that the Commission should report at least twice a year is designed to indicate that the Commission is expected to be an active body. A mere provision for an annual report might easily appear pessimistic concerning the progress of the work which the Committee is to undertake. Nevertheless, we recognize the force of the U.K. argument outlined in paragraph 4 of your telegram No. 38. Accordingly, we consider that the Commission might be required "to submit an annual report to the Security Council and to the General Assembly, and to make such other reports to the members of the United Nations as its progress shall warrant".

DEA/50271-40

214.

Extrait d'une note du représentant permanent auprès des Nations Unies pour le secrétaire d'État aux Affaires extérieures

Extract from Memorandum from Permanent Representative to United Nations to Secretary of State for External Affairs

TOP SECRET [Paris], November 18, 1951

DISARMAMENT

In my memorandum of November 15 I gave you the United States draft, as it then stood, of the disarmament resolution, together with an indication of United Kingdom and French views, and a few comments of our own.

There have been a number of developments since then.

In telegram No. 50 of November 16 the Department sent us their preliminary comments on the United States draft. Copy attached.

Meanwhile the United States, United Kingdom and French Delegations have agreed on a revised text, which will probably be formally submitted Monday morning. Attached is a copy of this revised text.† The most significant changes from the earlier draft are:

(i) Paragraph 3(d) refers in a much more rigid manner to the United Nations plan for atomic controls, which it directs "should continue to serve as the basis unless and until a better and no less effective system can be devised". The Department had liked the relative flexibility of the earlier draft, and Mr. Heeney had even wondered in his memorandum of October 27 whether specific reference to the majority plan might not be superfluous in a context stressing adequate inspection and safeguards.

(ii) The explicit reference to criteria of percentages of population and national income, to which the United Kingdom and French had taken exception, has been dropped from the new text. The Department had welcomed this reference, as marking a realistic advance over the 1946 resolution.

. . .

DAVID M. JOHNSON

215. DEA/50271-40

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 62 Paris, November 20, 1951

CONFIDENTIAL

COMMITTEE 1 — DISARMAMENT DEBATE

1. In opening the discussion of the three-power disarmament proposals yesterday morning, Acheson was at his best. In contrast to his statement in plenary, he refrained from so much as mentioning the Soviet Union and simply presented a thoroughly lucid exposition of the western proposals.

2. The only other delegate ready to speak was Moch who said little beyond recalling earlier French proposals for an arms census as a preliminary step towards reduction of armaments.

3. As the three power resolution was not circulated to delegations until Sunday evening, it is hardly surprising the debate had to be adjourned yesterday because no other speakers were ready. The smaller countries also want to hear first what the great powers have to say but neither Vyshinsky nor Selwyn Lloyd (United Kingdom) want to speak early in the debate. As I shall be leaving for Rome tomorrow afternoon, I shall speak tomorrow morning after the Czech representative. The representatives of Brazil, Peru, Haiti, and Iran spoke this morning after which the committee adjourned for lack of further speakers.

4. I expect Vyshinsky will bide his time until next week when he can point to the empty places of the NATO Foreign Ministers and say that they have left the disarmament discussion in the hands of their deputies, giving first place to their rearmament plans in Rome. At any rate, if his performance last Friday is any indication, Vyshinsky will not make the mistake of laughing at western proposals again.

5. I shall, in my statement, explain that there is no inconsistency between NATO defence plans on the one hand, and sincere western disarmament proposals on the other.

6. Both Acheson and Vyshinsky have spoken of the problem of stages and I shall be saying something about this too. In effect, western proposals in their present form might be interpreted as calling on the U.S.S.R. to disclose secret information

in the early stages in return only for information, most of which is already published in the west, about military establishments, etc. Vyshinsky made effective play on this point, and opposed the whole concept of stages.

7. I am, in my statement, going to emphasize that acceptance of the principle of stages, as well as of the principle of effective international verification and control, is a test of any delegation's sincerity.[12] It is obviously ridiculous to propose, (as Vyshinsky did) that all information on all armaments, bombs and bases should be disclosed in one month, without time for verification. As Acheson said yesterday, no government should be asked to risk its national security upon the unsupported affirmation of another government. I shall add that on the particular details of each stage, our delegation's view is of course not rigid, and that if the Soviet delegation is seriously interested in disarmament we would be glad to consider carefully any sincere proposals on such details which they may care to put forward. I think it essential that the stages should provide at each step an equitable balance of risks and safeguards on both sides, so that at each step both sides should make disclosures of real and equivalent value. Thus by the mutual acceptance of limited and balanced risks, each sides' confidence in the agreed procedures and safeguards, and simultaneously our confidence in each other, will grow.

8. I am, of course, giving strong support to the three power proposals.

216. DEA/50271-40

Extrait d'une lettre de la délégation à l'Assemblée générale des Nations Unies à la 1ère Direction de liaison avec la Défense

Extract from Letter from Delegation to United Nations General Assembly to Defence Liaison (1) Division

PERSONAL AND CONFIDENTIAL Paris, December 5, 1951

Dear David [Kirkwood]:

The disarmament debate is really depressing.[13] I think we helped to some extent in the Minister's speech in Committee One and also behind the scenes to loosen up the Americans and get them to take a much more flexible line in interpreting and explaining the Three Power proposals. Dr. Jessup and Harding Bancroft are, of course, easily convinced of this kind of approach, and so I believe is Mr. Acheson, but President Truman's inept launching of the proposals has been hard to catch up with in Paris. Perhaps the prevailing cynicism is only a reflection of the more profound discouragement of most people here who have had anything to do with

[12] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours*, 1951, N° 47.
See Canada, Department of External Affairs, *Statements and Speeches*, 1951, No. 47.

[13] Pour un résumé du débat qui suivit, dans lequel le Canada n'a joué qu'un petit rôle, voir *Le Canada et les Nations Unies, 1951-52*, pp. 12-13 et 164-165.
For an account of the subsequent debate, in which Canada played only a small part, see *Canada and the United Nations, 1951-52*, pp. 12-13 and 157-158.

the subject. If Vyshinsky shows the slightest sign of loosening up on his side, I think it would be possible for the Three Powers to go a good deal further than they have until now, but in the more or less private Four Power talks now being held nothing at all seems to be happening behind stonewall positions on both sides. If anyone in Ottawa has any ideas — official or unofficial — I wish you could let me know.

. . .

Yours sincerely,
JIM GEORGE

SECTION D

AFRIQUE DU SUD-OUEST
SOUTH WEST AFRICA

217. DEA/5475-N-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

DESPATCH 40 Paris, November 20, 1951

CONFIDENTIAL

Reference Our telegram No. 46 of November 17† and United Nations documents A/C 4/R-201-4, A/C 4/187, A/C 4/189 and A/C 4/190.

TRUSTEESHIP COMMITTEE OF THE GENERAL ASSEMBLY

Before the opening of the present session of the Assembly we had informal indications from United Kingdom sources here that at least some of the critical non-administering countries might be persuaded to adopt a more moderate line towards the administering authorities. Unfortunately, in its first four meetings, the Trusteeship Committee became involved in a series of procedural arguments which can have given little comfort to the "colonial" powers.

2. From the standpoint of the great majority of the Committee, South Africa is, of course, the villain of the piece. When the South African Delegation requested at the first meeting on November 14 that the item on South-West Africa be given second place in the Committee's agenda, this was a signal for a preliminary attack, led by the Cuban and Guatemalan representatives, on the South African position. It seemed to us that the South African request — based on Dr. Donges' desire to return early in December to his Cabinet duties in South Africa — was a reasonable one to which the Fourth Committee might well have acceded. But so unpopular are the South Africans in United Nations circles that it is futile for them to expect to have a favour granted without conceding some quid pro quo. In this case the critics

used the South African request as an occasion for raising the question on granting hearings to representatives of the Hereros and other elements of the indigenous population of South-West Africa. This the South Africans bitterly opposed, and for a time it appeared that their request for the early consideration of this item would be rejected. The adjournment of the first meeting, however, enabled the United Kingdom Delegation to arrange a compromise whereby, in return for agreeing to the South African request, the Committee would resolve to treat the matter of granting hearings as a prior question, to be taken up before the first item on the Committee's agenda. This compromise was approved, and the Committee thereupon agreed without difficulty on the arrangement of the rest of its agenda (our telegram No. 46 of November 17).

3. The Committee then turned to the prior question of whether it should grant hearings to representatives of indigenous populations (U.N. documents A/C.4/SR.202, 203 and 204). A request for such a hearing from certain representatives of the Ewe peoples was readily approved, after the United Kingdom Delegation had stated its willingness that they should proceed to Paris and be heard as petitioners from a trust territory. A request for a hearing from representatives of the Hereros and other South-West African tribes, however, gave rise to heated controversy. The discussion centred on a nine-power draft resolution (U.N. document A/C4/190) introduced by Guatemala, proposing that the Fourth Committee should grant hearings to these representatives, and expressing the wish that the South African Government would facilitate their "prompt travel" from South-West Africa to Paris.

4. Sir Alan Burns, the United Kingdom Representative, pointed out that the Charter provided only for hearing and discussing petitions relating to trust territories; since South-West Africa was not a trust territory there was no provision whereby petitions from that territory could be heard by the United Nations.

5. This argument was subsequently developed by the South African Representative, Dr. Donges, who gave four reasons for opposing the nine-power draft resolution. In essence these were:

(a) that it substituted another authority (the Fourth Committee) for the Ad Hoc Committee set up by the General Assembly to consider the matter, and that it disregarded the specific instructions in resolution 449 (V) of the General Assembly as to how petitions from South-West Africa should be dealt with;

(b) that the Ad Hoc Committee had submitted in its report a number of proposals regarding the appropriate body to deal with petitions from South-West Africa; that the Committee's report was still to be considered; and that the adoption of the resolution might endanger the success of the Ad Hoc Committee's work;

(c) that the draft resolution conflicted with the Court's advisory opinion as to the procedures which should be employed with regard to reports and petitions from South-West Africa, and if passed would be a "slap in the face" to the Court, the General Assembly, the Ad Hoc Committee, and to South Africa itself;

(d) the passage of the draft resolution would be an "unwarranted slight" to South Africa.

6. Strong as the South African argument appeared to be from the legal point of view, it had little effect on the Committee, most of whose members did not attempt to refute the argument adduced by Dr. Donges and by the United Kingdom and Australian representatives, who spoke in his support. Judge Ingles (Philippines), however, claimed that there was a difference between, on the one hand, a *petition* to air grievances such as that provided for under Article 87 of the Charter and, on the other, an oral *hearing* such as that now requested by the representatives of South-West Africa; and that the Committee was entitled to consult all sources of information so as to form a fair opinion. Other delegations pointed to the precedent of the hearings on the Palestine question, and implied that the Committee would not be going beyond its authority in hearing representatives from South-West Africa.

7. On the whole, however, the argument in favour of granting the hearings was an emotional one, derived not so much from logic as from an active distrust of South African motives. When the vote was taken 37 delegations supported the resolution; only 7 countries (Australia, Belgium, France, the Netherlands, New Zealand, South Africa and the United Kingdom) opposed the resolution; while 7 more (Canada, China, Denmark, Israel, Norway, Peru and the United States) abstained.

8. The Canadian Delegation did not take part in the debate. The Canadian abstention, which was cast on the Minister's instructions, was based principally on the belief that at this early stage in the Committee's proceedings it would be impolitic for Canada to appear to stand firmly in the camp of the administering authorities on this issue. Moreover, although the legal case against the adoption of the resolution was strong, the Delegation considered that certain factors existed which weakened the South African position. For one thing, the Assembly had in the Palestine case granted hearings to representatives of a former mandated area, and had in 1949 granted a hearing to the Reverend Michael Scott, the designated representative of the South-West African peoples. For another, as the Philippine representative pointed out, the resolution, by proposing that a *hearing* be granted and by omitting mention of a petition, appeared to avoid the objection that it would be contrary to the Charter for the Committee to receive representatives from South-West Africa. Thirdly, there seemed to be some substance in the contention that since South Africa had shown no inclination to accept that part of the International Court's opinion dealing with petitions and annual reports, the Assembly was morally justified in consulting representatives from that territory as a means of obtaining fuller information on local conditions.

9. Our general conclusion from this procedural debate is that the South African Government has shown no signs of giving ground at this Session on the South-West African issue. Indeed, there are rumours current here, mainly in press circles, that the Malan Government will be so stung by the Fourth Committee's invitation to the South-West African chieftains as to walk out of the United Nations, or at least to repeat its 1949 boycott of the Fourth Committee.

DAVID M. JOHNSON
for Chairman

218. DEA/5431-40

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 104 Paris, November 27, 1951

CONFIDENTIAL

Repeat London No. 252.

SOUTH WEST AFRICA

At a meeting which we attended yesterday together with representatives from Australia, New Zealand and the United Kingdom, Dr. Donges, Chairman of the South African delegation, elaborated on the letter† which he sent on Saturday to the President of the Assembly regarding South West Africa. (Text of letter follows by air bag.)

Dr. Donges apologized for not giving the members of the "old Commonwealth" advance warning of South Africa's intention to defy the recent Fourth Committee resolution inviting the Hereros to appear before it. The French walkout on Friday had forced his hand. In his letter to the President he had reviewed South Africa's objections to the resolution and had stated that the South African delegation would "withdraw from further participation" in the work of the committee "pending review of the constitutionality of the resolution by the General Assembly".

2. Dr. Donges described this letter as "indicting the Fourth Committee before the highest authority" and as "throwing the onus on the President of the Assembly". His government had walked out of the Fourth Committee in 1949 but only after Reverend Michael Scott had been granted a hearing. This time they had felt it necessary to go a step further; they would stay out until the question was reviewed.

3. Asked how South Africa hoped to benefit by having the recent Fourth Committee resolution reviewed by the Assembly, Dr. Donges replied that if the "big guns" of the major administering powers took a strong line in plenary some of the critics might not vote as they had in the Committee. He had had no indication however whether the President would in fact act to have the matter reviewed, and he seemed to imply that he was not greatly concerned whether the President did so or not. He admitted that even if the matter were reviewed South Africa could hardly hope for a favourable outcome. If the Assembly reiterated the invitation to the Hereros, he could not say what South Africa would do.

4. Dr. Donges' attitude was one of quiet firmness and assurance. He was careful to point out that the South West Africa problem was only one symptom of the tendency towards unconstitutionality in the Fourth Committee and he appealed without success for ideas as to how the committee could be "brought to its senses".

219. DEA/5431-40

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 137 Paris, December 4, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 264.

SOUTH-WEST AFRICA

1. My immediately following telegram contains present text of draft resolution on South-West Africa which is being privately discussed among delegations of Cuba, Ecuador, India, Pakistan, Thailand and the United States. This text, which is in a very preliminary stage, has been shown to us in strict confidence by United States delegation. Although it has not yet been tried out on South Africa, it now appears likely to be principal basis of discussion in coming debate on South-West Africa. United Kingdom are not participating in actual discussions at this stage but are active behind the scenes in preserving the moderate terms of this draft, on which however they would probably abstain.

2. It is too early to assess degree of support which this resolution may win. Present sponsors however represent influential cross section of Fourth Committee. United Kingdom and United States hope that by bringing in Cuba and Ecuador they will forestall some of the more militant Latin American criticism of South Africa. Asian support is virtually assured by inclusion of India and Pakistan in addition to Thailand whose representative, Prince Wan, was Chairman of ad hoc Committee on South-West Africa. Arab attitude is not yet known but one or more Arab delegations will probably be invited to attend meetings called by sponsors in next few days.

3. Donges is absent from Paris at the moment and no developments in South African position can be expected until his return later this week. It is, therefore, impossible to predict whether South Africans will take part in the Fourth Committee's discussion of this item or whether they will maintain position taken in their letter to Nervo (my telegram No. 104, of November 27). This letter, incidentally, has still not been officially released and Chairman of Fourth Committee has refused to be drawn into discussing it. It is now an open secret, however, that Hereros will not be permitted to come to Paris and this may precipitate a further argument at opening of debate.

4. Our preliminary reaction to substance of draft resolution is that it is probably the most feasible solution. It avoids violent condemnation of South Africa and gives Malan Government an opportunity to reconsider its attitude towards the very reasonable proposals of the ad hoc Committee. If you have any comments, we

should appreciate them as promptly as possible, as draft resolution may be introduced in next day or two.

220. DEA/5431-40

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 138 Paris, December 4, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 265.

SOUTH-WEST AFRICA

Following is text of draft resolution on South-West Africa referred to in my immediately preceding telegram. Text begins:

"*The General Assembly,*

BELIEVING that an agreed solution of the vexed question of South-West Africa would not only bring greater peace and harmony to the continent of Africa, but would contribute significantly to the relieving of tensions in wider areas of the world;

2. CONSIDERING that the general acceptance of the advisory opinion of the International Court of Justice of 11 July 1950 would greatly strengthen the rule of law and reason in international affairs and thus the defenses of the United Nations;

3. HAVING by Resolution 449(V) of 13 December 1950 accepted the advisory opinion of the International Court of Justice with respect to South-West Africa;

4. HAVING established a committee of five consisting of the representatives of Denmark, Syria, Thailand, the United States of America and Uruguay to confer with the Union of South Africa concerning the procedural measures necessary for implementing the advisory opinion of the International Court of Justice;

5. HAVING authorized this committee, as an interim measure, to examine the report on the administration of the territory of South-West Africa covering the period since the last report, as well as petitions and any other matters relating to the territory that may be transmitted to the Secretary-General;

6. HAVING received the report of the ad hoc Committee on South-West Africa (A/1901, A/1901/Add.1, A/1901/Add.2, A/1901/Add.3);

7. NOTING that the Union of South Africa submitted to the ad hoc Committee on South-West Africa a proposal which the ad hoc Committee found unacceptable because it did not allow for an adequate implementation of the advisory opinion of the International Court of Justice and because the proposal made no provision for the supervision of the administration of the territory of South-West Africa by the United Nations;

8. NOTING that the ad hoc Committee submitted to the Union of South Africa a counter-proposal based on the existing Mandates Agreement and providing for a procedure for the supervision of the administration of the territory of South-West Africa by the United Nations as nearly as possible analogous to that which existed under the League of Nations, and to the extent practicable, involving international obligations no more extensive or onerous than those existing under the League of Nations;

9. NOTING that the Union of South Africa, in reply to the ad hoc Committee's counter-proposal, was willing to resume negotiations only on the basis of its own proposal, and informed the committee that the Union of South Africa was unable to accept the principle of submission of reports on the administration of the territory;

10. NOTING with concern that the ad hoc Committee was unable to comply with the resolution of the General Assembly to examine the report on the administration of the territory of South-West Africa because no report was received and that no petitions were transmitted by the Union of South Africa;

11. RECALLING that the advisory opinion of the International Court of Justice with respect to the territory of South-West Africa sets forth, inter alia, that

(a) The territory of South West Africa is a territory under the international mandate assumed by the Union of South Africa on 17 December 1920;

(b) The Union of South Africa, acting alone, has not the competence to modify the international status of the territory of South-West Africa, and that the competence to determine and modify the international status of the territory rests with the Union of South Africa acting with the consent of the United Nations;

(c) The Union of South Africa continues to have the international obligations stated in Article 22 of the Covenant of the League of Nations and in the mandate for South West Africa as well as the obligation to transmit petitions from the inhabitants of that territory, the supervisory functions to be exercised by the United Nations, to which the annual reports and the petitions are to be submitted;

12. COMMENDS the ad hoc Committee on South-West Africa for its earnest and constructive efforts to find a reasonable basis of agreement;

13. ENDORSES, in principle, as a minimum, the proposal of the committee, appended hereto; (see document A/1901 of October 8, 1951);

14. DEPLORES the fact that the Union of South Africa, in the course of the negotiations with the committee, while prepared to negotiate on the basis of certain articles of the mandate, indicated its unwillingness to give adequate expression to its international obligations with respect to South West Africa, and in particular with regard to the supervisory responsibility of the United Nations toward this territory;

15. DECLARES that since the Union Government cannot escape its international obligations by unilateral action, the United Nations cannot recognise as valid any measures taken unilaterally by the Union of South Africa, which would modify the international status of the territory of South West Africa;

16. APPEALS solemnly to the Government of the Union of South Africa to reconsider its position, and urges it to resume negotiations on the basis of the ad

hoc Committee's proposal for the purpose of concluding an agreement providing for the full implementation of the advisory opinion of the International Court of Justice; and urges it further to submit reports on the administration of the territory of South-West Africa and to transmit petitions from communities or sections of the population of the territory to the United Nations;

17. CONTINUES until the next regular session of the General Assembly the ad hoc Committee on South-West Africa, established by Resolution 449(V), and requests it to continue to confer with the Union of South Africa concerning means of implementing the advisory opinion of the International Court of Justice;

18. AUTHORISES the ad hoc Committee on South-West Africa, as an interim measure, and pending the completion of the negotiations with the Union of South Africa, and as far as possible in accordance with the procedure of the former mandates system, to examine reports on the administration of the territory of South-West Africa as well as petitions and any other matters relating to the territory that may be transmitted to the Secretary-General;

19. REQUESTS the ad hoc Committee to submit a report on its activities to the next regular session of the General Assembly". Text ends.

221. DEA/5431-40

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 121 Ottawa, December 6, 1951

SECRET. IMPORTANT.

Reference: Your Telegrams Nos. 137 and 138 of December 4.

SOUTH-WEST AFRICA

Following from Acting Under-Secretary, Begins: The moderate terms of this draft resolution are indeed surprising considering the sharp tone of the debate up to the present time.

2. We would prefer the word "regrets" rather than "deplores" in paragraph 14. The interjection of this rather sharp word in an otherwise moderate but firm resolution may give satisfaction to the militant critics of South Africa. However, its inclusion would cause more bitterness while its deletion would not weaken the objective of the resolution.

3. The phrase "and any other matters" in paragraph 18 might well be deleted, since it could be construed as establishing obligations transcending those existing under the Mandate's system and thus going beyond the International Court's opinion.

4. You might suggest these two drafting amendments. However, even if they are not accepted, it seems to us that the Delegation might vote for the resolution.

222. DEA/5431-40

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 172 Paris, December 8, 1951

SECRET. IMPORTANT.

Addressed London No. 281.
Reference: My telegram to London No. 265 of December 4th (No. 138 to Ottawa).

SOUTH WEST AFRICA

Following for Mr. Pearson, Begins: We understand from United Kingdom delegation that the Commonwealth Relations Office may approach you in London regarding the Assembly's discussion of South-West Africa. You may therefore wish to have our assessment of the situation.

2. A number of minor changes have been made in text of draft resolution on South-West Africa quoted in my telegram under reference. The more significant of these changes are:

(a) Paragraph 14 — "Deplores" has been dropped in favour of "regrets", as we had suggested;

(b) Paragraph 17 — the first half of the paragraph now reads: "Reconstitutes until the next regular session of the General Assembly an ad hoc committee on South-West Africa consisting of the following members ..., and requests, etc." This change is due to Denmark's announced intention not to continue serving on Ad Hoc Committee, and to possible other changes in its membership.

3. The text as amended has now been tabled under the joint sponsorship of Cuba, Denmark, Ecuador, Egypt, Iraq, Philippines, Thailand, and the United States. The debate on this resolution began this morning. Indications are that some forty to forty-five delegations will support the joint draft if the present text remains substantially unchanged. The United Kingdom delegation, however, have received instructions to vote against *paragraphs 13 and 15*, to abstain on *paragraphs 14 and 18* and to abstain on the resolution as a whole. *Paragraph 13* is unacceptable to them because of the words "as a minimum", a phrase which in their view introduces an unnecessary restrictive element and might be prejudicial to the success of any future negotiations between the Ad Hoc Committee and South Africa. We share these misgivings, but we are less impressed with the other United Kingdom objections which are primarily aimed at softening the tone of the Resolution.

4. Australian delegation will in all probability abstain for much the same reasons as the United Kingdom. New Zealanders are undecided but are closer to voting in favour than to abstaining. Another probable abstaining delegation is Belgium, but Netherlands has spoken in support of joint draft.

5. While we regret the inclusion of the words "as a minimum" in *paragraph 13*, we are inclined nevertheless to vote in favour of the resolution as a whole and, if it is voted on paragraph by paragraph, to abstain rather than to vote against *Paragraph 13*. We have explored the possibilities of removing the words in question but have been informed by the United States delegation that any such proposed amendment would be almost certain to annoy certain of the sponsors who have been restrained with difficulty from making the resolution considerably harder than it is on South Africa. The words "as a minimum" were inserted as a compromise in return for the omission of four very objectionable paragraphs which some of the sponsors originally wanted. Moreover, it seems likely that further amendments in South Africa's favour would be unlikely to command sufficient support in the Committee, and indeed would probably open the flood-gates to amendments in the opposite direction.

6. We consider it desirable that the largest possible majority should be marshalled for the resolution. Moreover, despite absence of unanimity among older Commonwealth countries, we feel it would be regrettable if Commonwealth votes were split entirely on colour lines, with only India and Pakistan supporting the resolution. Another factor inclining us to vote in favour relates to the role which we traditionally play in attempting to exercise a moderating influence on the drafting of resolutions on subjects of this nature. This resolution, while firm, is surprisingly moderate. If now we nevertheless do not support it, our future bargaining power in matters of this kind will presumably be weakened.

7. If, therefore, the joint draft resolution is put to the vote in its present form, we propose to vote in favour, as suggested in a recent message from Ottawa, unless we receive instructions from you to the contrary. If a paragraph by paragraph vote were requested, we should favour abstaining on *Paragraph 13*.

8. The vote may possibly be taken on Monday but will more likely be postponed until Tuesday or later. Ends.[14]

DEA/5431-40

223.

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 179 Paris, December 10, 1951

CONFIDENTIAL. IMMEDIATE.

Repeat London No. 284.

[14] Note marginale :/Marginal note:
Mr Reid said no reply was needed — see para[graph] 7 We agree [A.M. Ireland]

SOUTH-WEST AFRICA

My immediately following telegram gives text of additional draft resolution on South-West Africa sponsored by Cuba, Ecuador, Egypt, India and the Philippines. You will note that this draft refers to previous occasions on which the Assembly has expressed itself in favour of a trusteeship agreement for South-West Africa.

2. Although the commentary suggests that we should oppose a resolution similar to 449 B (V), we are inclined to think that the present draft is so worded as to be difficult to oppose. Instead of directly reiterating previous resolutions urging South Africa to conclude a trusteeship agreement, it simply reasserts that such an agreement would be the "normal" way of modifying the international status of the territory. In our view this proposition is tenable if not realistic. Moreover it is not entirely incompatible with the court's opinion that South Africa is not legally obliged to place South-West Africa under the trusteeship system.

3. On the other hand, while we do not feel that we should be justified in opposing the resolution, we are unwilling to support it for various reasons. For one thing our favourable vote might be wrongly construed as support for the thesis that South-West Africa should be placed under the trusteeship system. For another there would appear to be no potential profit in reasserting the sense of resolution 449 B (V) which is of course still valid. Thirdly, it might be prejudicial to the success of any future negotiations to draw attention to the trusteeship aspect of the problem on which South Africa has repeatedly shown itself to be adamant.

4. For reasons given above, we propose to abstain on the draft resolution when it is put to the vote unless we receive other instructions from you. Vote is likely to be taken on Wednesday.

5. We understand that United Kingdom, Australia, New Zealand, France and Netherlands intend to abstain. United States attitude is not known definitely but their choice appears to be between abstention and support for the resolution.

224.

DEA/5431-40

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 180

Paris, December 10, 1951

RESTRICTED. IMMEDIATE.

Repeat London No. 286.

The following is text of additional draft resolution on South West Africa referred to in my immediately preceding message:

The General Assembly

Having by its resolution 449 B (V) of 13 December 1950 reiterated its resolutions 65 (I) of 14 December 1946, 141(II) of 1 November 1947, 227(III) of 26

November 1948 and 337(IV) of 6 December 1949 to the effect that the territory of South West Africa be placed under the international trusteeship system,

Having accepted the advisory opinion of 11 July 1950 of the International Court of Justice concerning South West Africa, which states inter alia that:

(a) The provisions of Chapter XII of the Charter are applicable to the territory of South West Africa in the sense that they provide a means by which the territory may be brought under the trusteeship system,

(b) The provisions of Chapter XII of the Charter do not impose on the Union of South Africa a legal obligation to place the territory under the trusteeship system,

(c) The Union of South Africa acting alone has not the competence to modify the international status of the territory of South West Africa, and that the competence to determine and modify the international status of the territory rests with the Union of South Africa acting with the consent of the United Nations.

Reasserts its position, expressed in resolution 449 B (V) of 13 December 1950, that the normal way of modifying the international status of the territory would be to place it under the international trusteeship system by means of a trusteeship agreement in accordance with the provisions of Chapter XII of the Charter.

DEA/5431-40

225.

Le haut-commissaire en Afrique du Sud
au secrétaire d'État aux Affaires extérieures

High Commissioner in South Africa
to Secretary of State for External Affairs

TELEGRAM 40 Pretoria, December 11, 1951

SECRET

Reference: My telegram No. 38 of December 10th.†

SOUTH AFRICA AND UNITED NATIONS

Saw Forsyth this morning. He regards situation as very serious. South Africa's final decision on relations with United Nations will hinge on reaction of General Assembly to indictment of Fourth Committee's unconstitutional procedure which Donges is preparing to submit. If in the judgment of the Union Government this is not, repeat not, given reasonable hearing and reasonable acceptance by the Assembly, South Africa will withdraw from the Assembly at least, repeat at least, for this session. Temper of Cabinet roused and unanimous, and indications at the moment are that the government is not, repeat not, unduly concerned at the prospect of break with the United Nations.

Whatever the outcome of the Assembly debate, the prospect of satisfactory outcome of negotiations on the South African proposals to the ad hoc Committee, which at one time seemed fairly good, is now very bleak.

I gather that the issue of travel documents to Herero Chiefs by the Government is improbable.

226. DEA/5431-40

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 192 Paris, December 13, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 291.
Reference: My telegrams Nos. 138 of December 4 and 172 of December 8 (Nos. 265 and 281 to London)

SOUTH-WEST AFRICA

By a vote of 39 (including Canada) to 5 (the Cominform bloc) with 8 abstentions (Australia, Belgium, Guatemala, Mexico, New Zealand, Peru, United Kingdom and Yugoslavia) the Fourth Committee adopted on December 11 an amended version of the draft resolution on South-West Africa[15] quoted in my telegram No. 138. Text of resolution as adopted by committee is given in my immediately following telegram.† You will note that in addition to changes noted in my message No. 172 the following amendments were made:

(a) The whole of paragraph 13 is deleted;

(b) The words "on the basis of the ad hoc committee's proposal" in original paragraph 16 are deleted and replaced by words "with the ad hoc committee" after "negotiations";

(c) Paragraph 11 is inserted between paragraphs 3 and 4 of original draft.

2. While voting in favour of resolution as a whole, we abstained on new paragraph 14 on ground that it seemed to carry implication that South Africa might act in bad faith.

3. Membership of re-constituted committee has not yet been determined. Denmark will require replacement, Syria may be replaced by another Arab state, but we understand Thailand, United States and Uruguay will probably accept re-appointment. Until membership is determined committee's resolution will not be sent to plenary. Further details follow.

[15] Cette résolution a été adoptée par la Quatrième Commission le 11 décembre 1951 par un vote de 33 pour, aucun contre et 17 abstentions (dont le Canada).
This resolution was adopted by the Fourth Committee on December 11, 1951 by a vote of 33 in favour, none against and 17 abstentions (including Canada).

DEA/5431-40

227.

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 198 Paris, December 13, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 299.

SOUTH-WEST AFRICA

There were some interesting sidelights to the approval by the Fourth Committee of the resolution on South-West Africa quoted in my telegram No. 193 of December 13 (No. 292 to London). The deletion of the original paragraph 13 in particular was achieved by a curious coincidence of conflicting motives. Those delegations, including Canada, which were anxious to keep the resolution as moderate as possible regretted the paragraph in question because of their fear that the phrase "as a minimum" would preclude the new ad hoc committee from considering any proposals more favourable to South Africa than those which the Union Government found unacceptable in 1951. It seemed unwise, however, to suggest removal of the words in question in view of the generally (group corrupt) attitude of the Fourth Committee towards South Africa. It came as a surprise, therefore, when just before the vote was taken the Dominican Republic and other delegations, for reasons diametrically opposed to ours, persuaded the sponsors to delete the whole paragraph. Underlying this move was the feeling that the Assembly would be making too much of a concession to South Africa if it were to endorse in principle the moderate proposals of the ad hoc committee.

2. As a result of this deletion and of the subsequent dropping, on Brazilian initiative, of the words "on the basis of the ad hoc committee's proposals" in paragraph 16, the resolution has been, in our view, somewhat stiffened. We thought it desirable that the Assembly should somewhat endorse the proposals of the ad hoc committee and for this reason we opposed the Brazilian motion. On a close vote, however, the committee agreed to the additional deletion with the result that there is now no obligation on the new ad hoc committee to take its predecessor's proposals as a point of departure or as a minimum basis in any future negotiations. The membership of the new committee may thus be of considerable importance and efforts are being made by the Americans and other friendly delegations to ensure that a satisfactory replacement for Denmark is found. It is, however, a good omen that Prince Wan of Thailand will almost certainly continue as chairman and that the United States is willing to serve again. Whether or not the Union Government will agree to resume negotiations with the ad hoc committee is another question, the answer to which doubtless depends on the result of Dr. Donges' forthcoming conversations in South Africa.

228. DEA/5431-40

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 15, 1951

In the absence of the High Commissioner for South Africa who is in Montreal on a short visit, the Secretary of his Office, Mr. Endemann called to enquire whether you would wish to receive Mr. Roberts on Monday, December 17, to discuss with him the question of the temporary withdrawal from the General Assembly of South Africa, as a result of recent developments in the Fourth Committee. Mr. Endemann was told that since it was likely that the Session might not be over by Monday, you would probably be very busy. He said that he was sure Mr. Roberts would be happy if I were to receive him in your stead.

2. You might consider it profitable that I see Mr. Roberts at this stage. It would possibly be advantageous to clarify with him our position on the matter. It seems to me that South Africa should be told, in a friendly way, that we cannot see what they can gain by burning their bridges and that they are placing their friends in a very awkward position. The problem of South West Africa is bound to remain on the Agenda and this withdrawal, even if only temporary, does not solve anything but rather embitters those who have been critical of South Africa's attitude.

3. I could point out that as far as Canada is concerned we have exercised great restraint at the Assembly and will certainly be willing to continue to do so; our role, however, is being made much more difficult by the intransigent attitude of the Malan Government. Because of our Commonwealth connections, we hope that the South African Government will not take any step which would make it more difficult for them eventually to reach an amicable settlement of the South West African problem.

4. The general tenor of the debate at the Assembly this year clearly indicates the uneasiness of many Members towards colonial problems. It is only by a very cautious policy on the part of those countries less directly concerned that such issues can eventually be solved without serious consequences. Any division between the Western nations on those problems weakens the Western World generally and strengthens correspondingly the Communist line.

5. It seems that the only bit of constructive advice which can be given at this stage to Mr. Roberts is to let him know that we hope very much that the South African Government will find its way clear to maintaining its Delegation at the United Nations Assembly after the Christmas recess, at least to participate in the work of all other Committees of the Assembly but the Fourth.

6. I am attaching a copy of Dr. Malan's statement on South Africa's withdrawal.[16]

[16] Voir/See *FRUS*, 1951, Volume II, pp. 710-711.

7. I shall not make an appointment with Mr. Roberts until I have heard from you.[17]

A.D.P. H[EENEY]

229. DEA/5431-40

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 243 Paris, December 20, 1951

SECRET. IMMEDIATE.

SOUTH-WEST AFRICA

Question of membership of reconstituted ad hoc Committee on South-West Africa may be taken up tomorrow when Fourth Committee will hold its last meeting before Christmas. As you know, Denmark has already withdrawn from ad hoc Committee and additional changes have been rumoured. Secretariat feels that if this matter can be cleared up before Christmas there will be less likelihood of other undesirable changes later. Chairman of Fourth Committee is therefore considering proposing that Norway should replace Denmark on ad hoc Committee and that other members (Syria, Thailand, United States and Uruguay) should be reappointed.

2. This would obviously be the best solution if it could be pushed through. United States delegation, however, is under instructions to make it known that United States will be unable to accept re-appointment. Reason given is that United States has made as much of a contribution as it can to settlement of the dispute and that it would have no new ideas to put forward. United States delegation has therefore asked French if they would be willing to fill vacancy caused by United States withdrawal. Americans realize, however, that even if French were willing, which is regarded as unlikely, Fourth Committee would probably not agree to a second European member. We have accordingly been asked whether Canada would be available "as a second line of defence" if France is unwilling or unacceptable.

3. In reply to this approach we said that our present instructions would not permit us to accept membership but that while we had no reason to think that these instructions would be changed we would refer the matter to you for decision. We also pointed out that we could hardly expect to receive your views before to-morrow's meeting and added that if the matter arose we should have to decline nomination, unless we had specific instructions from you.

4. Following this conversation Americans were undecided whether or not to ask Secretariat to drop membership question until after Christmas. If Chairman insists

[17] Note marginale :/Marginal note:
See Under-sec[retary] now Minister later [A.D.P. Heeney]

on proposing list of members including United States, United States delegation may reserve until after Christmas its decision on accepting re-appointment. In this case we might again be approached, possibly through our Embassy in Washington. Our impression is that if no other suitable candidate can be unearthed United States will probably agree in the end to serve again.

5. As Americans are anxious to have our final views on this question, we should appreciate earliest possible confirmation or otherwise of previous instructions to the effect that Canada cannot accept appointment to ad hoc Committee. In the meantime we shall, of course, undertake no, repeat no, commitments.

6. Our own view is that we should not, repeat not, accept nomination. You might even wish to urge the United States, through Washington, to continue, since if the United States washes its hands of the problem, the possibility of a solution will become more remote.

230. DEA/5431-40

Le secrétaire d'État aux Affaires extérieures à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs to Delegation to United Nations General Assembly

TELEGRAM 157 Ottawa, December 21, 1951

SECRET. MOST IMMEDIATE.

Reference your Telegram No. 243 of December 20.

SOUTH WEST AFRICA

We do not, repeat not, wish to accept membership on reconstituted ad hoc committee on South West Africa. Because of the experience of the United States on this committee and also because of contribution which it has already made in trying to bring about a satisfactory compromise we would hope that the United States' interest in the problem would continue and that it would again accept re-appointment.

231. DEA/5431-40

Note du chef de la Direction du Commonwealth

Memorandum by Head, Commonwealth Division

CONFIDENTIAL [Ottawa], December 21, 1951

THE UNDER-SECRETARY'S INTERVIEW WITH THE HIGH COMMISSIONER FOR THE UNION OF SOUTH AFRICA

At the request of the High Commissioner for the Union of South Africa, he was received by the Under-Secretary at 4:00 p.m., December 17. The Head of the Commonwealth Division (C.A. Ronning) was present at the interview.

2. The High Commissioner stated he did not expect any official information regarding the attitude of the Government of Canada with respect to the situation that had developed between South Africa and the United Nations. He hoped, however, that there would be no objections to an unofficial discussion as he had received a telegram instructing him to wire his Government concerning the reaction of the Canadian Government and the reaction of the Canadian public to this development.

3. The Under-Secretary replied that he was certainly willing to have an unofficial discussion about the whole matter. He had no hesitation, however, in informing the High Commissioner, on an official basis, that the Canadian Government was deeply concerned about the matter. He expressed the hope that the Union of South Africa would take no irrevocable steps which would result in any permanent withdrawal from the United Nations and would see its way clear, in view of the tense international situation, to return as soon as possible to participate in the activities of the United Nations.

4. The High Commissioner explained that, while he had not had time to give study to all of the information which he had just received from his Government, he was of the impression that the withdrawal was temporary and was of a limited nature.

5. It was pointed out to the High Commissioner that Dr. Malan's statement indicated that the withdrawal was from all discussions, with the exception of disarmament and the Korean Armistice talks. Upon re-reading the section of Dr. Malan's statement dealing with this subject the High Commissioner agreed that this was the situation. The Under-Secretary thereupon suggested that it would have been preferable to have decided to continue discussions on all subjects with the exception of the South West African question in Committee Four if the Union of South Africa desired to indicate its disapproval of the resolutions passed by that Committee.

5. The High Commissioner brought with him a clipping, copy of which is attached, of an editorial published in *The Ottawa Citizen* of December 17. He was very much disturbed at the tone of this editorial which he said had completely distorted the facts. He had been prepared to report to his Government that the attitude of the Canadian press and public opinion were friendly and favourable to South Africa until he read this editorial which was evidently prejudiced and weighted against South Africa's position and was most disturbing. The High Commissioner then went on to a report of the liberal and friendly policy which the South African Government had adopted to the natives of South-West Africa and explained that the attitude of the Hereros was due to the cruel treatment which had been administered to them by the Germans prior to 1918.

6. The High Commissioner expressed the surprise of his Government that the Canadian Delegation to the United Nations had changed its attitude to South Africa in view of the very friendly and sympathetic attitude expressed by Mr. Pearson on a number of occasions.

7. It was explained to the High Commissioner that the Canadian Delegation had not changed its position. They had been concerned about the increasing unfriendliness to South Africa and had attempted to restrain members of the Committee who

had been demanding censure in strong and offensive terms. The Canadian Delegation had felt that the stiffening of the attitude of the Malan Government was making this role more difficult to carry out. The Canadian Delegation had participated in the toning down of the resolution which "regrets" the unwillingness of South Africa to give adequate expression to its international obligations with respect to South-West Africa. The Canadian Delegation had been instrumental in substituting the word "regrets" for the original term "deplores". After having obtained this modification the Delegation supported the resolution as a whole. The Delegation had abstained on paragraph 14 of this resolution since this paragraph seemed to carry the implication that South Africa might act in bad faith. The Canadian Delegation was aware of the complexities of the situation that existed in South Africa and was most anxious that a friendly relationship should exist between South Africa and other members of the Commonwealth and the United Nations.

8. The High Commissioner continued his discussion with Ronning after the interview with the Under-Secretary had been concluded. In this discussion, the High Commissioner described in detail the successful treatment of the natives of South-West Africa by the Union of South Africa. He stated that the great majority of the natives were not only satisfied but enthusiastic about the type of treatment they had received. The Hereros, as a result of the treatment by their former masters, the Germans, had developed a hatred for all white people and their attitude was an exception to the general rule. He said that he was privately of the opinion that the representatives of the Hereros should have been sent to Paris and that they should have been accompanied by a delegation of representatives from the satisfied tribes. He was certain that if this had been done the members of the Fourth Committee would have received a good impression of the policy of the South African Government in dealing with the natives of South-West Africa.

9. The High Commissioner said that his Government had been "shocked" by what they considered to be a drastic change in the attitude of the Canadian Delegation. His Government accepted the opposition and criticism of the many member nations of the United Nations which had made little or no contribution to the activity of the United Nations and was not disturbed or concerned about their attitude. When nations like Canada, the United Kingdom, Australia, New Zealand, the Scandinavian countries and Holland voted against South Africa, however, it was most disturbing. His Government had received a "rude shock" when the Canadian Delegation had voted in favour of the resolution which "regrets" South Africa's "unwillingness to give adequate expression to its international obligations".

10. When it was suggested to the High Commissioner that the vote of the Canadian Delegation prevented the accusation that in issues of this sort a colour line is drawn across the Commonwealth, he replied that such resolutions served chiefly to antagonize South Africa and to arouse doubts as to the desirability of remaining in the United Nations. When it was asked if South Africa thought that the annoyance which it felt over resolutions dealing with a local situation warranted the serious consequences of withdrawal from the United Nations, the High Commissioner agreed that South Africa could not afford to withdraw. He added, however, that these provocative resolutions made it very difficult to control the strong emotions which had been aroused in South Africa. As long as such resolutions were sup-

ported only by the nations whose opinions South Africa did not regard highly, it was not a matter of too great concern but when countries like Canada supported these nations his Government was indeed greatly disturbed.

11. The following day the High Commissioner telephoned to say that he was reporting to his Government that the interview of the previous afternoon had clarified his understanding of Canada's attitude. He would inform his Government that in "reading between the lines" of his notes on the interview, he had received the impression that, while Canada considers the Union of South Africa to be important to the United Nations, it was even more important during this period of international tension to "close ranks" and not play into the hands of those who predict and work for "the disintegration" of the free nations. The Canadian Government, therefore, is concerned that South Africa should not take any irrevocable action that would lead to the Union's withdrawal from the United Nations. The Canadian Delegation had not changed its attitude to South Africa. It had been instrumental in toning down a resolution which was supported in the hopes that a basis for compromise might be found. Canada is anxious that South Africa should take no action to weaken the United Nations, especially during this period of crisis.

C.A. RONNING

SECTION E

AIDE FINANCIÈRE POUR LES PAYS SOUS-DÉVELOPPÉS
FINANCIAL ASSISTANCE FOR UNDER-DEVELOPED COUNTRIES

DEA/11423-40

232.

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 201 Paris, December 13, 1951

CONFIDENTIAL

FINANCING OF ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED AREAS[18]

At this morning's session of Committee Two the committee adopted, with 28 votes for, 20 against and 10 abstaining, a joint resolution submitted by the delegations of Burma, Chile, Cuba, Egypt and Yugoslavia. The operative part of this resolution is as follows:

"REQUESTS the Economic and Social Council to submit to the General Assembly at its seventh regular session a detailed plan for establishing, as soon as circumstances permit, a special fund for grants-in-aid and for low-interest long-term loans to under-developed countries for the purpose of helping them, at their request, to

[18] Voir le document 247./See Document 247.

accelerate their economic development and to finance non-self-liquidating projects which are basic for their economic development;

FURTHER requests the Economic and Social Council, in implementing paragraph 11, to prepare for consideration by the General Assembly at its seventh regular session a series of recommendations concerning:

(a) The size, composition and administration of the fund and, with respect to administration, keeping in mind that the creation of a new international organization should be considered only if a careful examination of the functions of existing organizations proves that the required functions cannot be carried out by them;

(b) The manner in which the contributions to the fund will be collected, keeping in mind the desirability of universal participation and the utilization of any savings that may accrue from any programme of disarmament, as one of the sources of contributions;

(c) The character of the contributions of states members of the United Nations and of those which are not members;

(d) The policies, conditions and methods to be followed in the making of grants and loans from the special fund to under-developed countries;

(e) The principles which countries receiving grants and loans from the special fund should observe;

13. REQUESTS the Secretary-General to assist the council in carrying out the responsibilities placed upon it by this resolution;

14. INVITES governments to make suggestions to the Economic and Social Council with respect to the recommendations mentioned in paragraph 12, above."

2. This resolution calls for the Economic and Social Council to prepare for the next session of the General Assembly recommendations concerning the establishment of an international developmental authority. You are already in possession of a statement made before Committee Two by Mr. Bourget on November 27th. In this general debate, and in subsequent interventions, we made it clear that Canada did not favour the establishment of such an organization at this time and that our commitments were such that we would not be in a position to contribute funds. Together with the United States and some of the Western European delegations we tried to induce the under-developed areas to accept an alternative resolution from Brazil and Greece calling for approval of the action taken at the last session of ECOSOC and instructing the Secretary-General to carry out certain additional studies concerning the financing of economic development. This resolution was also passed, but the adoption of the joint resolution referred to above renders it largely ineffective.

3. The states supporting the joint resolution came largely from the Latin American, Arab and Far Eastern blocs. Those opposing, in addition to ourselves and the United States, were the Western European states, the other Commonwealth countries (with the exception of India and Pakistan) and Brazil, Turkey, Israel, Greece, Liberia and Iceland. The Soviet bloc and certain of the Central American Republics abstained.

4. There has been a long and active discussion of this question in Committee Two at this assembly. Prior to the vote this morning Congressman Mansfield, the United States delegate, in one of the frankest speeches ever made in Committee Two, made it absolutely clear that his country was not prepared to make any contribution to any such project at this time and he appealed to other states not to risk the United Nations integrity by adopting an unrealistic and illusory resolution. Nevertheless Dr. Santa Cruz of Chile, who is the driving force behind this project, was able to rally a substantial majority for the resolution.

5. This resolution appears to us to be significant for two reasons. Firstly, it opens the door for the establishment of an international developmental authority to which we are opposed in principle at this time. Although the sponsors said they appreciated the fact that no funds would be forthcoming for the present, we are convinced that it will not be long before they press for contributions from the industrialized nations. In the second place, the resolution was adopted without the support of any of the major powers and with all of the North Atlantic community and other responsible powers in opposition. At previous meetings of ECOSOC and at previous assemblies the under-developed areas had responded to an appeal from the industrialized nations to exercise restraint and realism in considering this question.

6. The congressional members of the United States delegation are very much upset at this turn of events. They feel it will further antagonize public opinion in the United States and seriously reduce the prospects of the under-developed countries receiving aid in the future from Congress. It will also debase the currency of United Nations resolutions.

7. This resolution is subject to approval by plenary. With the above considerations in mind the United States, in plenary, will try to invoke article 18, sub-paragraph 2, of the charter so as to have this resolution require a two-thirds majority at the plenary stage. In addition, the United States will seek to influence certain delegations to withdraw their support by making representations here and in the various capitals. In this latter connection the United States delegation have suggested the possibility that Canada might reinforce their representations. We would appreciate your comments on both aspects of this strategy.

DEA/11423-40

233.

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 229 Paris, December 18, 1951

CONFIDENTIAL

Reference: Our telegram No. 201 of December 13, and your telegram No. 145 of December 15.†

FINANCING OF ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED AREAS

Johnson went to see the Secretary-General yesterday to point out the Canadian concern about the over-all implications for the United Nations of the decision taken in Committee Two to establish an international developmental authority. He stressed that Canada was looking at this from the point of view of the future of the organization rather than from a strictly national point of view. He pointed out that he felt Mr. Lie and the whole Secretariat would share Canada's desire to avoid any possibility of compromising the United Nations' reputation or debasing the currency of its resolutions. He also pointed out that the United Nations should take a reasonable approach to the use of the majority principle, and that states supporting decisions should always bear in mind the possible impact of such decisions on the minority. This is particularly important in those fields where decisions can only be translated into action by the financial support of all governments.

2. Johnson did not suggest that the Secretariat should depart from its traditional course of impartiality; but many of the under-developed countries, lacking sufficient staff and background, may not be entirely aware of the far-reaching consequences of this decision. The Secretariat in the past has always been in close contact with all delegations and they have always been helpful in supplying factual advice wherever necessary. Johnson stressed his hope that in any discussions, private or otherwise, concerning the establishment of an international developmental authority, the members of the Secretariat would give full recognition to the consequences that may be involved for the United Nations if this program is approved in plenary.

3. We have been in part prompted to approach Mr. Lie because we have good reason to believe that some members of the Secretariat are actively campaigning in favour of establishing an IDA.

4. Mr. Lie was sympathetic, but of course made no commitment other than to speak along a very general line to the Secretariat. He also confirmed our hope that this item would not appear on the plenary agenda until after Christmas.

5. Mr. Lie expressed the opinion that he did not think that the President of the Assembly, because of Latin American support for this resolution, would rule that it was a decision which would require a two-thirds majority in plenary.

6. In addition to the advice requested in Paragraph 7 of our telegram No. 201, we should also like to know what will be Canada's attitude at the next meeting of ECOSOC if this resolution is adopted by the General Assembly? There seems to be a split in opinion at the present in the United States delegation as to whether they should agree in such circumstances to serve on any working party at ECOSOC. The United Kingdom have not made up their minds on this point as yet either.

234. DEA/11423-40

Le chef de la Direction économique
au directeur de la Direction des Relations économiques internationales
du ministère des Finances

Head, Economic Division,
to Director, International Economic Relations Division,
Department of Finance

CONFIDENTIAL [Ottawa], December 19, 1951

Dear Mr. Deutsch,

I attach a copy of a draft telegram addressed to the Canadian Delegation to the General Assembly, in reply to their telegram No. 201 of December 13th on financing of economic development. As you will see, we are pretty strongly opposed to the manoeuvre which the U.S. intends to try by invoking Article 18[19] of the Charter. It seems to us that there are really no convincing arguments for calling this resolution important within the meaning of Article 18; an attempt to do so would be an obvious trick; and in any event there is not much reason to think that any of the twenty-eight countries which supported the resolution in Committee will vote in favour of the application of Article 18 knowing that the requirement of a two-thirds majority will almost certainly kill the resolution.

We have discussed the Committee's resolution and the telegram from the Delegation, and the view of this Department is that we ought to do no more than is outlined in paragraph 3 & 4 of the attached draft reply.

We do not know yet when this question is coming up in Plenary, but I should be grateful if you could look over our draft reply and let me know as soon as you can whether you have any comments to make or revisions to suggest. Perhaps you would telephone Margaret Meagher or myself when you have considered the draft.

Yours sincerely,

B.M. MEAGHER
for A.F.W. Plumptre

[19] L'article 18 de la Charte des Nations Unies décrit les conditions dans lesquelles l'Assemblée générale peut désigner une résolution comme une « question importante ». Les décisions à cet égard sont votées à la majorité des deux tiers des membres.
Article 18 of the United Nations Charter describes the conditions under which the General Assembly can designate a resolution an "important question". A two-thirds majority is required to pass.

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un télégramme du secrétaire d'État aux Affaires extérieures à la délégation à l'Assemblée générale des Nations Unies

Draft Telegram from Secretary of State for External Affairs to Delegation to United Nations General Assembly

[Ottawa], December 19, 1951

Reference: Your telegram No. 201 of December 13.

FINANCING OF ECONOMIC DEVELOPMENT

1. We are concerned over the U.S. intention to invoke Article 18 of the Charter in relation to the draft resolution on financing of economic development. In its present form the resolution calls only for a paper plan to be drafted by ECOSOC, and while we are strongly opposed to this, it would in our view be extremely difficult to justify the position that resolutions of this type should be regarded as important within the meaning of Article 18. In our opinion the constitutional integrity of this article should be carefully guarded, and we are reluctant to see it used for tactical purposes. We have been unable to find any precedent for invoking Article 18 on economic questions and while we do not know the arguments which the U.S. have in mind it seems unlikely to us that they can make a convincing case. Unless they can do so it is our present opinion that you should vote against the procedural motion.

2. We are disturbed over the adoption of the economic development resolution in Committee II, and would of course be pleased to see it defeated in Plenary. In the light of the clear statements of Canadian policy given on several occasions and most recently by Mr. Bourget in Committee II and Mr. Stone in the joint Second and Fifth Committees, we are doubtful if any further action we take will be of much avail. It must be assumed that the leaders of the under-developed countries have taken up their positions in the full knowledge of the objections held by the industrialized and potentially contributing countries. While we appreciate that this sort of high pressure resolution can further antagonize public opinion in the U.S. we are also conscious of the fact that the governments of the under-developed countries are equally sensitive to public opinion in their own territories. With this in mind they would naturally find it extremely difficult to back down at this stage.

3. For the reasons given above we would not be willing to try to bring any pressure on governments through diplomatic channels. There are, however, two lines of action open to us which might possibly accomplish some good and which would, in any event, do no harm. The first is for you to continue to try to persuade some of the delegations concerned, of their lack of wisdom in pushing through this resolution by force of votes. Secondly we propose to telegraph our missions in certain under-developed countries to explain to governments the Canadian policy in regard to economic development and the reasons for our opposition to the present resolution. We do not intend to urge these governments to change their votes but they might be influenced by a full explanation of our position. Moreover this action

might help to offset any ill will resulting from our negative vote on the resolution now before the Assembly.

4. We have been considering the attitude we should take at ECOSOC if this resolution carries. Since we are opposed to the establishment of the plan, for the reasons you have already explained, our present intention is to decline to participate in any steps from now on, except to explain our attitude in the general debate in the Committee and to support any move to ask the General Assembly to reconsider its decision. We would not act on any subsidiary body appointed to draft the plan, and we would abstain on all votes connected with its formulation. If all the potential contributors were to follow the same line, it would of course effectively demonstrate the impracticability of the whole scheme. You might discuss this with the U.S. delegation and if you think wise, you might also hint to the under-developed countries that we might well be forced, regretfully, to follow a policy of non-participation.

5. Should the discussion on economic development be reopened in Plenary at this Session of the Assembly, we think it would be preferable if Canada were not to take part in the debate.

235. DEA/11423-40

Le chef de la Direction économique
au directeur de la Direction des Relations économiques internationales
du ministère des Finances

Head, Economic Division,
to Director, International Economic Relations Division,
Department of Finance

CONFIDENTIAL [Ottawa], December 22, 1951

Dear Mr. Deutsch,

I understand that your Department is of the opinion that the draft telegram which we prepared here on financing of economic development is a bit on the weak side. I do not think there is any real difference between us on this matter. We are fully conscious in this Department of the objectionable features of the resolution before the Assembly, and would certainly not wish to leave the impression with the under-developed countries that we are wavering or that the adoption of this resolution would soften us up.

In telephone conversations with Margaret Meagher, Simon Reisman made three specific suggestions for revision. The first of these was to rephrase the second paragraph of the draft telegram, in order to remove any suggestion that we were taking a middle position between the United States and the under-developed countries. The second was to delete the final paragraph in order to leave the Delegation free to take part in a discussion, should the subject be reopened in Plenary. The third was to instruct the Delegation to make known publicly and formally the Canadian intention to pursue a policy of non-participation should the resolution be adopted.

To meet your first objection I would suggest that the second part of paragraph 2 be revised to read as follows:

"We appreciate that this sort of high pressure resolution can further antagonize public opinion in the U.S., but we doubt whether the governments of the underdeveloped countries having gone so far, and being also sensitive to public opinion in their own territories, are likely to back down at this stage".

We think it useful to make this point in order to remind the Delegation that the power of public opinion is an important factor with the delegations of the underdeveloped countries as well as with the U.S. and that the Delegation should not lose sight of this particular difficulty.

I am inclined to agree with your suggestion to delete the final paragraph so that the Delegation may be free to join with others, if they think it useful, in a final attempt to kill the resolution. As you know, the advice to the Delegation to refrain from further statements was included tentatively, and we intended to draw this point to the particular attention of the Minister. It is a suggestion from Mr. Lesage, who has pointed out that there has been a good deal of adverse comment in the French language press on the Canadian statement given in Committee 2. I gather that the burden of the argument is that we have much too great an unbalance between our defence expenditures and our foreign economic aid programmes. We must, of course, bring Mr. Lesage's suggestion to Mr. Pearson's attention but this can be done in a covering memorandum, and the present paragraph of our draft telegram deleted for the moment.

I do not think our Delegation ought to say in a formal statement at this stage that we intend to pursue a policy of non-participation if the majority forces this resolution upon us. The danger here is that we do not yet know whether the U.S., U.K. and others are prepared to go this far, we do not have time to discuss the merits of this plan of action with Washington and London, and we would not care to be the only country to take this line. Apart from any other objection, it would not be a particularly effective threat if it came from Canada alone. I hope that your point can be met by adding the following to the end of the present paragraph 4 of our draft letter:

"Unless other countries in our position, including the U.S. and the U.K. are prepared at this stage to announce similar intentions, you should not go on record in the Assembly with a firm statement of our proposed policy. However, if you think it would be useful you could indicate that adoption of the present resolution might have such results."

Yours sincerely,

A.F.W. PLUMPTRE

DEA/11423-40

236.

Le directeur de la Direction des Relations économiques internationales du ministère des Finances au sous-secrétaire d'État aux Affaires extérieures

Director, International Economic Relations Division, Department of Finance to Under-Secretary of State for External Affairs

Ottawa, December 28, 1951

Attention Mr. A.F.W. Plumptre[20]

Dear Sir:

I am referring to your letter of December 22nd and to our conversations concerning the draft telegram on the subject of financing economic development. The modifications proposed in your letter of December 22nd go some distance towards meeting our point of view. We feel that in its general tone the draft telegram is much too indifferent on the position which the delegation should take when this matter is considered further. We believe that this is inconsistent with the reality of our position, and the firm view expressed by our delegation when this matter was being discussed in Committee Two.

We regard the effort to railroad through a resolution for the establishment of an International Development Authority, against the opposition of all the responsible countries, as a most serious development for the United Nations.[21] As a matter of procedure and organization it is entirely inappropriate for the small countries to use their voting majority to compel the industrialized countries to participate in a programme of grant assistance of the type proposed.[22] Moreover, on the substance of the resolution, we firmly believe that grant assistance handled through an International Development Authority in the manner proposed is neither a desirable nor an effective method for achieving economic development. I know that you share these views and we would agree fully that the Canadian Delegation would not wish to leave the impression with the underdeveloped countries that we are wavering.

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[20] Note marginale :/Marginal note:
Mr. Plumptre See my note. E.R[eid].

[21] Note marginale :/Marginal note:
I agree w[ith] Deutsch that we resist. I do not agree with the implication that the asking states are wicked. S.M.S[cott].

[22] Note marginale :/Marginal note:
Is this a slip or does Deutsch believe that an Assembly resolution can "compel" any country to participate in this or any other programme [?] All Assembly resolutions are recommendations apart from the resolution allocating the budget. E.R[eid].

For this reason, we believe that the Canadian Delegation should co-operate fully with the United States, the United Kingdom, and other delegations of like mind in any effort which is likely to prove effective in defeating this resolution.[23]

Yours very truly,

JOHN J. DEUTSCH

237. DEA/11423-40

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 28, 1951

FINANCING OF ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

As you know, the Second Committee of the General Assembly has adopted a resolution calling upon ECOSOC to draw up a detailed plan for the establishment of an international development authority to finance economic development. The vote was 28 in favour, 20 against and 10 abstentions. The Delegation in telegram No. 201 of December 13th (copy attached) has asked for instructions, particularly on a United States request that we support them in an attempt to have the resolution voted upon in Plenary under Article 18 of the Charter (requiring a two-thirds majority) and that we make representations through diplomatic channels to governments of the sponsors and supporters of the resolution.

I attach for your signature, if you approve, a telegram to the Delegation in reply to their request for guidance.[24] This telegram has been cleared with the Department of Finance and the Bank of Canada.

I should point out that Mr. Lesage has informed us that there has been considerable adverse criticism in the French language press on the stand taken by Canada in Committee 2, on the grounds that Canadian defence expenditures are greatly out of balance with our contributions towards foreign economic assistance programmes. Mr. Lesage was of the opinion that in the light of the attitude taken by certain Quebec newspapers, we should advise the Delegation not to make any further statements in the General Assembly in opposition to this resolution. The Department of Finance feels very strongly that the Delegation should be left free, and indeed should be encouraged, to cooperate with other like-minded delegations in putting up a common front against the resolution, in the hope that it can still be killed. We

[23] Note marginale :/Marginal note:
Deutsch phoned me on the morning of Dec. 26. At that time he expressed particular concern over a sentence in the draft which seem altogether too solicitous of irresponsible public opinion in the underdeveloped countries. After consultation with Scott this was removed from our draft, and was not in the final telegram.
When Deutsch spoke to me he did not, as I recall, emphasize or even mention his dissatisfaction with the general tone of the telegram. A.F.W.P[lumptre]. Dec. 28/51

[24] Voir le document 239./See Document 239.

share the views of the Department of Finance in this respect, and think that it might give rise to a false impression if Canada were to remain silent in a Plenary discussion in which the United States and other countries in our position were to participate.

In paragraph 2 of the attached draft telegram reference is made to our intention to explain our position to certain governments. Attached for your consideration is an Aide-Mémoire which, if you agree, we shall send by telegram to our Missions in the countries listed in the Aide-Mémoire.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Aide-mémoire

Aide-Mémoire

Ottawa, December [n.d.], 1951

"The Government of Canada wishes to convey to the Government of (x)[25] the reasons why the Canadian Delegation to the General Assembly of the United Nations cannot support the resolution on financing the economic development of under-developed countries adopted on December 13, 1951 by the Economic and Financial Committee.

2. "The Government of Canada has, in many practical ways, supported the aspirations and efforts of the under-developed countries in raising their production and the standard of living of their people. It has contributed, both financially and in other ways, to the Expanded Programme of Technical Assistance of the United Nations. It has given similar support to the Colombo Plan for Co-operative Development in South and South-east Asia. It has been an active supporter of the International Bank, both in the shaping of policy and in the provision of capital. These practical steps have been taken despite the growing burden of defence expenditures in this country.

3. "The defence obligations assumed by the Government of Canada are absorbing about half of a greatly increased national budget. They are interfering with the normal operation of the Canadian economy and are producing difficulties for the Canadian people. Accordingly it would not be possible for the Canadian Government at present to contemplate opening up a broad new field of assistance to under-developed countries. The debate in the United Nations Committee seems to indicate very clearly that other possible contributing countries find themselves in the same position, and that serious doubts exist whether the proposals which the majority of the Committee have endorsed would in practice be the best means of promoting economic development in under-developed countries.

[25] Cet aide-mémoire était destiné au Chili, à Cuba, à l'Inde, au Mexique, au Pakistan, au Pérou et à la Yougoslavie.
This aide-mémoire was destined for Chile, Cuba, India, Mexico, Pakistan, Peru and Yugoslavia.

4. "In these circumstances, the Government of Canada believes that the recommendation of the Economic and Financial Committee, requesting the Economic and Social Council to prepare during 1952 a detailed plan for the eventual establishment of a special fund for grants-in-aid and low-interest, long-term loans to under-developed countries, and to lay down specific provisions concerning the size, composition and administration of the fund, is unrealistic and unwise. Such action would raise false hopes and cause misunderstandings among the peoples of advanced and under-developed countries alike. The Canadian Government believes that such misunderstandings can go far to undo much of the good that has been done by agreed and constructive programmes in the past, and may jeopardize the possibility of agreement and constructive action in the future.

5. "The Government of Canada trusts that the Government of (x) recognizes the validity of the reasons for its attitude. It has given the most careful consideration to the resolution recommended by the Economic and Financial Committee but finds itself unable to modify its position. The Canadian Delegation is therefore being instructed to vote against the resolution when it comes before the plenary meeting of the Assembly."

238. DEA/11423-40

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], January 2, 1952

FINANCING OF ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES[26]

In accordance with your request, I have reviewed the question of whether we should ask our Heads of Mission in certain under-developed countries to give to the local Governments an explanation of why Canada cannot support the resolution now before the United Nations for financing the economic development of under-developed countries.

2. The United States is bringing pressure to bear on Governments which have supported this resolution to persuade them to withdraw this support. They are doing this through their Missions in the capitals concerned. The suggestion was made that we should assist the United States by likewise bringing pressure to bear through our Missions.[27] The feeling in the Department was that this would be unwise and that the farthest we should go would be to explain to these Governments why Canada could not support the resolution.

[26] Note marginale :/Marginal note:
Mr Reid See Minister's decision & "implement" please A.D.P.H[eeney]. Jan 4

[27] Note marginale :/Marginal note:
See telegram from Paris which suggests that most of the pressure is in Paris [L.B. Pearson]

3. If the Governments of these under-developed countries refuse to give way to United States pressure, this will show that they attach very considerable importance to the resolution now before the Assembly and that they would consider it courteous on our part to inform them in advance of why we cannot support the resolution.

4. Consequently I suggest that we send a telegram to our Missions in India, Pakistan, Mexico, Yugoslavia, Chile, Cuba and Peru, reading somewhat as follows:

Financing of Economic Development. We have been informed by our Delegation to the General Assembly in Paris that the United States Ambassador may have been instructed to try to persuade the Government to withdraw its support for the resolution on the financing of economic development adopted on December 13 by the Economic Committee of the General Assembly and which will shortly come before a plenary session of the Assembly. Please consult with your United States colleague. If he has received such instructions and if the Government still intends to support the resolution, you should give the Foreign Minister the aide mémoire contained in my immediately following telegram.[28] This aide mémoire sets forth the reasons why Canada cannot support the resolution.[29]

5. The attached papers also contain an instruction to our Delegation to the Assembly in Paris. The Department of Finance considers that this instruction is not tough enough but it seems to me that their criticism is unjustified.

A.D.P. H[EENEY]

DEA/11423-40

239.

Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Delegation to United Nations General Assembly

TELEGRAM 1820 Ottawa, January 4, 1952

CONFIDENTIAL. IMPORTANT.

Repeat Washington EX-19; London No. 20.
Reference; Your telegram No. 201 of December 13.

FINANCING OF ECONOMIC DEVELOPMENT

We are disturbed over the adoption of the economic development resolution in Committee II, and would of course be pleased to see it defeated in Plenary. In the light of the clear statements of Canadian policy given on several occasions and most recently by Mr. Bourget in Committee II and Mr. Stone in the joint Second

[28] Note marginale :/Marginal note:
OK L.B.P[earson].
[29] Le libellé final de l'aide-mémoire est en bonne partie le même que la pièce jointe au document 237.
/The final text of the aide-mémoire is substantially the same as the enclosure to Document 237.

and Fifth Committees, we are doubtful if any further action we take will be of much avail. It must be assumed that the leaders of the under-developed countries have taken up their positions in the full knowledge of the objections held by the industrialized and potentially contributing countries.

2. We would not be willing to try to bring pressure on governments through diplomatic channels. There are, however, two lines of action open to us which might possibly accomplish some good and which would, in any event, do no harm. The first is for you to continue to try to persuade the delegations concerned, of their lack of wisdom in pushing through this resolution by force of votes. Secondly we propose to telegraph our missions in certain under-developed countries that, if the United States Ambassador has approached the Government and failed to influence its vote, our representative should explain to the Foreign Office the Canadian policy in regard to economic development and the reasons why we cannot support the present resolution.

3. We have been considering the attitude we should take at ECOSOC if this resolution carried. Our present intention would be to refrain from participating in any steps from then on, except to explain our attitude in the general debate in ECOSOC and to support any move there to ask the General Assembly to reconsider its decision. We would not act on any subsidiary body appointed to draft the proposed plan, and we would abstain on all votes connected with its formulation. If all the potential contributors were to follow the same line, it would of course effectively demonstrate the impracticability of the whole scheme.

4. You might discuss these tactics with the U.S. and other like-minded delegations and if you think wise, you might also hint to the under-developed countries that we might well be forced, regretfully, to follow a policy of non-participation.

5. Unless other countries in our position, including the U.S. and the U.K., are prepared at this stage to announce similar intentions, you should not go on record in the Assembly with a firm statement of our proposed policy. However, if you think it would be useful you could indicate that adoption of the present resolution might have such results.

6. We are concerned over the U.S. intention to invoke Article 18 of the Charter in relation to the draft resolution on financing of economic development. In its present form the resolution calls only for a paper plan to be drafted by ECOSOC, and while we are strongly opposed to this, it would in our view be extremely difficult to justify the position that resolutions of this type should be regarded as important within the meaning of Article 18. In our opinion the constitutional integrity of this article should be carefully guarded, and we are reluctant to see it used for tactical purposes. We have been unable to find any precedent for invoking Article 18 on economic questions and while we do not know the arguments which the U.S. have in mind it seems unlikely to us that they can make a convincing case. Unless they can do so, we hope they will agree to abandon this procedural manoeuvre. If not, it is our present opinion that you should vote against the motion.

DEA/11423-40

240.

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], January 11, 1952

GENERAL ASSEMBLY — INTERNATIONAL DEVELOPMENT AUTHORITY

On January 7 we instructed our Missions in India, Pakistan, Chile, Cuba, Mexico, Peru and Yugoslavia to give the Foreign Offices in those countries an aide mémoire setting forth the reasons why Canada cannot support the resolution adopted on December 13 by the Second Committee of the General Assembly for the establishment of an international development authority. This instruction was to be carried out only if efforts of the United States Ambassadors to persuade the Governments to withdraw their support for the resolution had been unsuccessful. A copy of the aide mémoire is attached for your convenience.

2. We have now been informed that the United States Ambassadors in the countries mentioned above have not been instructed to approach the Governments. Accordingly, the aide mémoire was not presented. Copies of the telegrams† from the Canadian Missions in those countries are attached.

3. In his telegram dated January 9,† the High Commissioner in India asks whether he should proceed independently. I think that it might be desirable to do so in the case of India and Pakistan, in view of their special relation with Canada as members of the Commonwealth and co-participants in the Colombo Plan.

4. I therefore attach for your consideration proposed telegrams† to the High Commissioners in India and Pakistan asking them to explain orally to the Foreign Offices, along the lines of the aide mémoire, the attitude of the Canadian Government in this matter.[30]

5. I should like, however, to bring to your attention the attached telegram (No. 4 of January 10)† from New Delhi. The United States Ambassador has publicly declared his personal approval of an international pool for assistance "after disarmament". I do not think that this should prevent the action proposed above.[31]

A.D.P. H[EENEY]

[30] Note marginale :/Marginal note:
Approved A.D.P.H[eeney]. Jan 12

[31] Le 12 janvier 1952, l'Assemblée générale a adopté une résolution sur un fonds de développement économique par un vote 30 pour, 16 contre (dont le Canada) et 11 abstentions.
On January 12, 1952 the General Assembly adopted the resolution on an economic development fund by a vote of 30 in favour, 16 against (including Canada) and 11 abstentions.

SECTION F

ÉVALUATION
ASSESSMENT

241. DEA/5475-DW-14-40

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 125 Paris, December 3, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 82 of November 27, 1951.†

ANALYSIS AND APPRAISAL OF ACTIVITIES AND ATMOSPHERE OF ASSEMBLY

1. The United Nations General Assembly has met this year in a rather sober but not unrealistic mood. Some of the newspapermen, contrasting the atmosphere with the tense but expectant air which pervaded last year's Assembly during the most critical months of the Korean campaign, are inclined to draw cynical comparisons and depressing conclusions of futility: but I am not sure that this is sound.

2. In any case, it is much too early to try to forecast the value of this year's session. Meanwhile it is worth recalling that the mood of the Assembly is in effect a synthesis of the mood of sixty governments, not that of an organization: so that attempts to assess by the feel of an Assembly the real value of the United Nations, rather than the general psychological and political atmosphere of the international community, are apt to be misleading.

3. The most prominent feature of the session to date has, of course, been the offer of the United States, United Kingdom and French delegations to negotiate a disarmament agreement on certain stated principles. This offer has coincided with the Rome meeting of the North Atlantic Council; a point which Vyshinsky has naturally attempted to exploit for propaganda, and also a fact which has tended to make certain western delegates and newspapermen cynical regarding the sincerity of the west in general and of Washington in particular. This cynicism seems to be exaggerated, if not mistaken. In view of the danger of assuming that a conflict is inevitable, there is, I think, real value in the serious effort by the west to formulate and publicise the principles on which it will be prepared to "negotiate from strength", if the Soviet Government should ever wish to call the armaments race off.

4. While there was little expectation even before the disarmament debate began that the Soviet would agree at this stage to serious negotiations, nevertheless the western offer is a sincere one, and the principles involved have been formulated with sufficient care that the United States and other western governments would be prepared to live with the system, should it later be accepted by the Russians.

5. The course of the debate, thus far, has removed any illusions there may have been that the USSR would be prepared to negotiate now. It is, however, not inconceivable that as western rearmament momentum and relative strength increase, the Soviet Government may later seriously examine the possibilities for negotiation: and if that time comes, the western offers put on the record in the present debate may prove of substantive value.

6. In the meantime, the western disarmament initiative has, I think, already proved of real propaganda use, in tending to wrest the peace campaign initiative from the Russians and to reduce the widespread fears in Western Europe and elsewhere that the United States may become so inflexible as to make eventual war almost unavoidable. The echoes, in European socialist parties, to Bevan's criticisms of this summer, have been appreciable: and the present United States initiative should go some distance to counteract the resultant division in western opinion.

7. The tone of the debate, thus far, has re-enforced this propaganda value, most western statements being moderate and reasonably flexible as well as firm: while the Soviet statements have been stale and vituperative. Vyshinsky's original assertion in the Assembly that he stayed up all night laughing at the western disarmament offer, was a bad error — already picked up by poster cartoonists on the streets of Paris. While the Soviet delegation, apparently on instructions from Moscow, have tried to correct this first mistake, they are very much on the defensive in the propaganda battle, and their counter-attacks, on the old lines of 1947 to 1950, tend to fall flat.

8. The disarmament issue has now been referred to a sub-committee of the Big Four. This move was initiated by Pakistan and two other Moslem states, with wide small-nation support, as an appeal to the colossi to reach some compromise among themselves and thus to let the smaller nations live in peace, however, unless the Great Powers should reach agreement, which is most unlikely, the disarmament debate will be resumed in a week's time.

9. The aggressiveness of Arab nationalism has been an interesting feature of the first few weeks of this Assembly. There are a few recent signs, however, that this may become more moderate. A week ago, the Egyptian spokesman on disarmament virtually aligned his government completely with Cominform policy: This week, the Egyptian delegation has been backtracking energetically. It is uncertain how long the new Egyptian moderation will last, but it appears to have been motivated in part by notes of caution from other Arab delegations and in part by a belated recognition that the earlier extremism tended to consolidate the United States and other western support behind the United Kingdom. It is too early to assess what if any effect, on Arab League policy here, the recent coup d'état in Syria will have.

10. Similarly, in the Assembly's Trusteeship Committee, an earlier tendency among some of the Middle-East and Latin American delegations (but significantly not India or other Asian delegations) to intervene critically and excessively in the colonial affairs of the leading Western European nations, has abruptly given way to a sudden, and perhaps temporary, moderation. This change appears to have been precipitated by a French delegation walk-out from the Fourth Committee (when

certain delegations insisted on discussing Morocco, which was not on the agenda), and by instructions to the United Kingdom and certain other delegations to withdraw from the committee if certain anti-colonial resolutions were passed. These western instructions leaked, and as a result of this threat the extreme anti-colonial resolutions were withdrawn. It is very fortunate that no general West-European walk-out took place, as it would have created the worst possible impression in the United States and among non-European peoples — it would have been too reminiscent of the Soviet walkout of 1950, which not only won world-wide disapproval, but, as Korea showed, became a notorious flop. Naturally, the Canadian delegation did what it could to discourage a western walk-out on trusteeship questions and to induce some moderation among the critics.

11. One tendency at this session has been the increasing propensity of the United Kingdom, the United States and the French delegations to consult among themselves in an effort to reach full agreement prior to any discussions with other delegations. Through our own efforts we usually manage to keep in the picture better than other delegations which are often not fully briefed until the final stages of Big Three plans: but we are less frequently consulted than in previous years. The Big Three concert on a wide number of issues is more marked than at previous session: and probably results in part from habits contracted among the Standing Group members in NATO. The fact that three important agenda items — disarmament, collective measures and German elections — are of particular interest to these three powers — is, of course, another factor re-enforcing this tendency to Big Three exclusiveness.

12. The efforts by under-developed countries — led by Chile and India — to develop grandiose schemes for international economic assistance to backward regions — are a feature of this as of all recent sessions. In some ways the pressure at present is more extreme than hitherto. India is spear-heading a move to link international financial assistance to disarmament by proposing the creation of an international development fund into which a proportion of the savings from reduced defense expenditures are to be funnelled. These tendencies will take careful watching. Fortunately many of the under-developed countries are cautious about the more extreme demands. Naturally, this caution springs not from lack of appetite but from a more restrained and realistic tactical sense. Our delegation is of course attempting to encourage this realism by emphasizing that further commitments are quite impracticable at the present time.

13. There are a number of important special programmes which depend on voluntary contributions by member states: notably Korean reconstruction, Palestine refugees, and the expanded programme for technical assistance. The total requirements are now about four hundred million dollars for the next financial period. Hitherto many governments have given vigorous voting support to these programmes but have not made any contributions. A serious move has therefore been launched by the United States and United Kingdom delegations with our support to try to correct this, by developing the "negotiating committee" technique first used last year. We hope that this may bring wider and more equitably shared contributions.

14. An interesting situation is developing in the Fifth (Budget) Committee. The United States representative is a Republican Congressman from Ohio, a strong Taft supporter. The officials on the United States delegation are disturbed at his obvious tendency to take his policy guidance not from the State Department but from the feelings of his fellow-Republicans in Congress. He recently returned from a brief visit to the Council of Europe at Strasbourg with his obduracy apparently reenforced by his meetings with other Congressmen there. His present intention is to inform the Assembly that the United States will not pay more than 33 1/3 percent of next year's United Nations budget, whatever its assessed proportion: he considers the figure of 36 percent, recommended by the Contributions Committee too high. Our delegation, in common with most western delegations, and most members of the United States delegation, are determined to continue the present trend of increasing the Soviet assessment and decreasing that of the United States (and consequently that of Canada, in view of the maximum per capita principle which we have managed to get accepted). But there is some concern that a unilateral United States decision to go faster in this direction than the Contributions Committee has recommended or the Assembly will vote, by refusing to pay its full assessment, could create serious confusion and throw the whole question of contributions into the uncertainties of log-rolling with the wealthier countries in a small minority.

15. In minor political fields, some progress has been made. The United Nations Balkan Commission has been wound up after representations from Greece that its task of discouraging border incidents from the Communist states has been successfully accomplished. The last three days in the ad hoc Committee have been devoted to a Yugoslav complaint relating to its Cominform neighbours; this debate, while time-consuming, has probably served to improve morale inside Yugoslavia, which got fifty votes for its resolution with only the Soviet bloc opposing.

16. On issues which divide the Communists from the rest of us, the tone of the Assembly has been reasonably mild, with the exception of Soviet speeches which while vituperative give the impression of having fallen flat. Soviet propaganda seems to be losing its old touch.

17. Thus far at least there has been virtually no interest shown at this Assembly in Far Eastern issues.

DEA/5475-DW-14-40

242.

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 252 Paris, December 21, 1951

SECRET

1. The Assembly will adjourn today for Christmas, and will reconvene on January 2nd.

Disarmament Offer

2. The approval in the First Committee, by 44 votes, of the Western disarmament proposals is a useful if not spectacular accomplishment. The disarmament debate did not register much advance in bringing together the attitudes of the Western and Soviet worlds, but at least there was no apparent widening of the gap. The four-power talks in sub-committee produced some clarification of views on both sides, if no agreement on substance; and the Russians have at least agreed to keep on talking (by sitting on the new commission). The increasing Western military strength, coupled with the three-power diplomatic initiative, have effectively prevented a deterioration and have checked the Soviet peace campaign.

3. Moreover the value of the United Nations decision to merge the Atomic Energy and the Conventional Armament's Commission into a new Joint Disarmament Commission should not be under-estimated. Previously the Western world was in a somewhat unrealistic and perhaps vulnerable position, since we were on record in favour of atomic disarmament (providing there were effective control) *irrespective* of any simultaneous agreement to disarm in conventional fields in which the USSR is predominant. This earlier Western policy had of course been formulated in 1945 and 1948, before the military implications of Soviet post-war policy had been fully recognized. Our political position is now therefore more realistic, and safer.

4. It is impossible to say whether the Russians may later decide to use the new machinery for serious disarmament negotiations. In any case the door is opened.

5. Meanwhile the propaganda value of this Western initiative in the peace campaign is probably substantial.

Propaganda

6. Propaganda is a necessary activity in a cold war; and on the German question, as well as on disarmament, the political committees of the United Nations have at this session proved useful for this purpose. The recent establishment of a United Nations commission to examine on the spot the practicability of free elections in the Soviet and Western zones of Germany should help to drive home to the German people which side it is that blocks their unity. The commission, established this week, will presumably be able to sustain and repeat this propaganda pressure at various times during the coming year.

7. The German Election Commission was established despite statements by representatives of a Communist German People's Republic before the ad hoc committee, which made it clear that they do not intend to give the commission access to their zone. It is probable therefore that the commission will never function in a substantive sense. Similarly, the new Disarmament Commission has been given instructions, based on the Western desire for verification and watertight inspection, which the Soviet union has repeatedly declared that it will not accept. In both the main political items dealt with thus far in this session, therefore, considerable time has been spent in adopting resolutions and setting up machinery which it is expected that Soviet obstruction will prevent from at least any early achievement of their purpose. A similar point can be made about the resolution on Yugoslav-Cominform relations adopted earlier in the session. Another example of the propa-

ganda function achieved by apparently futile resolutions is the resolution from the Trusteeship Committee adopted by plenary on December 7th asking the Security Council to reconsider Italy's application for United Nations membership on the ground that her position as trustee for Somaliland makes this necessary. This is expected to draw a Soviet veto. The Italian Government has considered the exercise worthwhile, though they are not satisfied to have the Western Powers let the matter rest there.

Restiveness and Neutral Compromises

8. Nevertheless the futility, except for propaganda (the importance of which is often under-rated), of most of this session's political items handled to date produces a certain restiveness and a tendency on the part of some Middle East, Latin American and Asian delegations to put forward "compromise" proposals which if adopted would be not only impractical but ideologically confusing. This represents wishful thinking, on the assumption that a clever form of words can in some magical way eliminate vital differences of principle.

9. On occasion the Canadian delegation has helped to head off such neutralist moves — a notable example being the German election issue, where Canada joined with Norway, Denmark, Iceland and the Netherlands in submitting amendments which caused withdrawal of a Latin American resolution considered dangerous by the occupying powers, and contributed to the withdrawal of a Swedish neutralist resolution, making it possible for the Assembly, with backing from an impressive majority of members (45), to meet Adenauer's desire for a United Nations commission.

Great Power Tendencies

10. The new tendency to Big Three exclusiveness on the part of the United States, United Kingdom, and French delegations has continued, and is beginning to irritate several other delegations. Within the Big Three, the French delegation seems to feel and resent a United States—United Kingdom inner partnership, with the French often brought in only near the last minute to co-sponsor a tripartite resolution. The United Kingdom, for its part, is apt to feel a slight similar resentment at United States habits of demanding what seem unnecessarily rapid decisions from its partners: while the United States delegation has often to clear its views with so many interested offices and departments before there is what could be called a United States Government line for discussion with the United Kingdom, that much time is consumed and deadlines are approached.

11. Meanwhile the United States delegation seems more realistically aware of the dangers of encouraging irritation and neutralism from other delegations, by demonstrations of Big Three exclusiveness, than do either of the weaker members of the trio.

United Kingdom Negativism versus United States Positivism

12. There has been a significant difference of approach between the United Kingdom and the United States on many issues, which seems to boil down to a United Kingdom reluctance to use United Nations machinery for controversial issues. This apparent distrust of the United Nations may spring in part from the difficult time

the United Kingdom, like other Imperial Powers, has had on colonial questions in the Fourth Committee. Be this as it may, the relatively negative attitude seems to be sublimated into a British view that the United Nations should somehow stand above and outside serious conflicts and clashes in the world. This is of course contrary to United States view. Members of the United Kingdom delegation often suggest that United Nations participation in controversial issues will tend to weaken the United Nations — though the opposite thesis seems to many people equally or more tenable. In any case the United Kingdom usually, though not always, tends to swing around eventually to the United States view by the time public positions are taken.

13. A few of many examples which could be given of this difference between basic United Kingdom and United States initial attitudes are:

(a) The United Kingdom were reluctant to meet the wishes of Adenauer and the United States for a United Nations commission on all-German elections, but eventually swung round and co-sponsored the resolution;

(b) The United Kingdom delegation did not wish representatives of Western and Eastern Germany to be invited to speak in the committee, but here too eventually swung around;

(c) United Kingdom reluctance contrasted with the United States desire to refer, guardedly but pointedly enough, to such vital real facts as the North Atlantic Treaty Organization in the text of the draft resolution on collective measures (United Nations collective security machinery) which is being sponsored jointly by the United States, United Kingdom, France, Canada and certain other countries.

Latin American Restiveness

14. At this session there has been a greater tendency than in previous years for Latin American and other small countries to disregard United States views (e.g., in Security Council elections, in the debate on financing development, and in other fields).

Moslem Unrest

15. A feature of this session has been Middle East criticism of the West. The entire Moslem world (except Turkey, the strongest Moslem nation) is restive. The Egyptian delegation has been extreme. In addition to spear-heading the effort to support Moroccan nationalists against France, the Egyptians in the Political Committee have on many issues taken up pro-Communist positions, and a few days ago introduced a motion for immediate unconditional prohibition of the use of the atomic bomb.

16. The Pakistan position is perhaps even more significant. Zafrullah Khan, Pakistan Foreign Minister, is playing a very active role at this session (in contrast with Sir Benegal Rau of India). He announced recently that he would abstain on all votes on disarmament issues between the Soviet and Western points of view: and more important, he said recently, when Morocco was being discussed in plenary, that though the West talks a lot about liberal values, whenever there are votes on implementing liberal policies the people of Asia note that the Cominform delegates vote with them, and the Western delegations vote against. He expressed his humble

gratitude to the Soviet bloc. This tacit warning by Pakistan that the West must not take their support too much for granted has given great concern to the United States delegation. One factor in Zafrullah's mind is of course the unresolved Kashmir dispute. But against the present disturbing background of general restiveness, Moslem politicians tend to vie with each other for leadership in criticising the West: and Pakistan seeks Moslem leadership.

Walk-outs and Western Petulance

17. This session has brought the long-standing difficulty between South Africa and the United Nations close to a head. What seems to be the contradiction between the trend of Dr. Malan's racial policies and at least the spirit of the United Nations Charter, coupled with the difficult question of South-West Africa, has made some friction almost inevitable. The Fourth Committee's decisions to invite representatives of South-West African natives for a hearing, and the subsequent approval of a resolution regretting South Africa's refusal to negotiate on the basis of the United Nations committee's moderate proposals for the league-mandated territory, and appealing for reconsideration, have had the expected but tragic result of hardening South African opinion. The South African delegation is not now attending plenary sessions of the Assembly or the Fourth Committee: and a complete withdrawal from the United Nations is apparently not excluded. From here it is hard to feel that the United Nations majority has been seriously at fault in this difficult situation. It takes two sides for successful compromise. Most responsible delegations here do, I think, genuinely appreciate the difficulty of South Africa's position: But there is little evidence from the attitude of South Africa, which did after all sign the Charter, of moderation or a conciliatory spirit on its side. This naturally makes the position of South Africa's friends in the United Nations singularly difficult.

18. The limited South African walk-out is merely the most extreme of several petulant reactions by important white countries at this session. For example, the motives of the Egyptian delegation in pressing for discussion of the Moroccan situation are undoubtedly open to question. Nevertheless the refusal by the Western countries dictated by the expediency of conciliating France's obduracy to allow the matter even to be put on the agenda, has undoubtedly created a bad impression. The French delegation, which a few weeks earlier had walked out of the Fourth Committee, were seriously considering walking out of the Assembly if it had been put on the agenda: though they did fortunately decide to drop this idea even before the Assembly by a small but unexpected majority [which] refused to consider the item. The United Kingdom had instructions earlier in the session to walk out of the Trusteeship Committee in certain circumstances, which happily did not arise. The Netherlands delegation has told us that not walking out when Indonesia was first discussed some years ago, is now recognized by them to have been a disastrous error.

The Problem of Irresponsibility

19. While consideration will have to be given to finding some effective method of restraining too many irresponsible charges from representatives of backward countries, walking out or threatening to do so may not be the wisest course. It is inevitable that there are some times apparent contradictions between some of the

advanced moral principles written into the United Nations Charter, and occasional policies of even the most advanced democratic governments. Some of the less responsible of the Middle East, Latin American, and Asian countries — where these contradictions between moral theory and economic or political fact are most extreme — do not always consider their own vulnerability before playing on the sensitive points of others.

20. It may be that something like a "coming-into-court-with-clean-hands" doctrine — ("people who live in glass houses should not throw stones") — would be a useful development in United Nations traditions. Frank counter charges about social or political conditions in certain backward countries with irresponsible delegations, may eventually have to be threatened by leading Western nations, perhaps in the capitals concerned, as a means of keeping them in check. This course, while unpalatable, might at least not be so incompatible with the prestige and strength of the United Nations as petulant walk-outs from leading representatives of our western civilization. Surely on balance our civilization gains much more than it loses, strategically and morally, from this framework for an orderly world.

The Poor Against the Rich

21. It is not only in supporting nationalist movements of non-white peoples, that the attitudes of certain delegations from backward countries has been giving concern. Aristotle pointed out long ago that once a democratic political constitution is set up, it is made inevitable that sooner or later the poor will use their voting power to secure economic, as well as political benefits. The welfare state developments of recent years illustrate this thesis nationally: the drive in the United Nations for assistance in economic development suggests that even a very loose international constitution is unlikely to prove any exception to the general law. Few Christians or liberals would consider this inevitable tendency wholly bad, even apart from the (significance and advantages?) of such measures as the Technical Assistance Programme and the Colombo Plan. Of course the highly industrialized countries cannot under present circumstances increase expenditures for foreign assistance, and it is important to say so frankly. The question of pace and extent is important, and if the poorer majority try to push too fast or too far, the chief result must be merely to weaken or destroy the constitutional framework. This would help neither side.

22. The problem is to make a majority of the "under-developed" governments see this point or, at least, vote as if they saw it.

23. In the Third Committee debates at this session on the proposed Human Rights Covenant, it has become clear that the backward nations — which are spear-heading the drive to include economic and social rights — consider that once minimum economic and social rights are internationally recognized, it will be difficult for the industrialized nations to refuse contributions to international funds which aim at implementing these rights (e.g. health and schooling opportunities for all).

24. In the Second Committee debates on financing economic development, Santa Cruz of Chile, has now carried a stage further his long campaign for the creation of an international development fund. The intransigence of under-developed countries, in voting for a resolution asking for detailed plans to be made for the establishment of such a fund, despite the clear opposition of the United States, Canada

and the West European countries who would be expected to contribute to it, was more apparent than in previous years. The under-developed majority was, however, far from solid, and was based to a considerable extent on personal ambitions and on an uneasy coalition between rival groups. The Indians contributed to Santa Cruz' idea by securing unrealistic approval for this sweeping thesis that money saved in the future when defence budgets can be reduced should be paid into the fund.

25. The battle to defeat this wildly ambitious project is far from lost. If, however, the fund is established next year, the probable effect would merely be to debase the currency of United Nations resolutions and machinery. Nevertheless, the intransigence and what would seem to the delegations of richer countries the irresponsibility of the majority have tended to create a certain cynicism.

26. It is however not certain that the United Kingdom and France are at heart strongly opposed to this project — which, presumably in the unlikely event that the United States Congress implemented it even slightly, would contribute to solving their dollar-gap problem.

27. The tactics of the United States delegation, in this debate on development, have not shown up to best advantage, and their last ditch-stand against the fund came unfortunately late. The most direct opposition was probably that of Canada, Australia and Belgium. Naturally, the Soviet delegation did not pass up the opportunity to play in the muddied waters of Committee Two on this issue, but their amused toleration of the discussion suggests that even they are making less effort than previously to cover-up their own cynicism.

The International Civil Service

28. There have been certain signs of politicking and empire building in certain sections of the United Nations Secretariat. Some of this is probably inevitable in an international civil service of this sort. It would be misleading and unfair to stress this criticism strongly although unquestionably, stronger leadership at the top could effect an improvement.

Conclusion

29. We are conscious that this telegram has been, in many ways, rather critical. It is but appropriate in conclusion to point out that irresponsibility, intransigence, petulance, and other disturbing features are weaknesses not of the United Nations as such but of the governments and societies of the planet on which we live.

243. DEA/5475-DW-14-40

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

Memorandum from Assistant Under-Secretary of State for External Affairs to Deputy Under-Secretary of State for External Affairs

SECRET [Ottawa], December 28, 1951

I read the attached telegram No. 252 of December 21 from our Delegation at the United Nations Assembly with a great deal of interest. There are two main points

on which I would like to comment, one related to the alleged progress made on the propaganda front and the second on the "holier than thou" attitude which our Delegation seems to be developing.

2. I was rather puzzled by the general implication that the West had made some progress on the propaganda front during the present Assembly, as a result of the Western disarmament proposals, the merging of the Atomic Energy and the Conventional Armaments Commission, and the establishment of the German Election Commission. There seems to be a general feeling that a propaganda move satisfactory to Western Europe and North America is welcome in all parts of the world. It seems to me that a distinction has to be kept in mind whereby, on the multiple propaganda front, different publics or regions can vary differently. Public opinion in Western countries has to be marshalled by some sort of propaganda if the goals now set for the purposes of consolidating our defence efforts are to be attained, but I must say that we would have made little progress generally if, in the process, we would have lost the propaganda battle in all other regions of the world. Personally, I feel that there is a direct link between the alleged progress made on the propaganda front as expressed in paras. 6 and 7 of the telegrams under reference and the restiveness and neutral compromises referred to in paras. 8 and 9. These last two paragraphs could very well be taken as an indication that the propaganda battle is not going so well after all and that we can no longer think that we have made progress in the war of nerves if we have only convinced our own peoples of the necessity of taking this or that action.[32]

3. To my mind, the United Nations is far from being an ideal forum for too obvious propaganda maneuverings by the West: the Communist Governments, particularly that of the U.S.S.R., are always in a position to prevent the Western themes of propaganda from reaching their own peoples. The net result is that we are only preaching to converts and neutrals. If we lose the neutrals, we will have lost the battle. One of the most significant developments of the present Assembly, in my estimation, is the position taken by Pakistan as referred to in para. 16. Zafrullah Khan has probably touched one of the most complex and vital issues with which the United Nations will have to live for years to come. The West is in a quandary: if it does not champion liberal policies it will, slowly but surely, lose the support of many countries; if it does, a certain amount of chaos will ensue. There are great dangers in both courses of action but the second course in my estimation is less dangerous in the long run than the first.[33]

4. This does not seem to be the opinion of our Delegation in Paris and I was somewhat surprised to see the line adopted in paras. 19 and 20, dealing with "the problem of irresponsibility". I am not particularly attracted by the theme "come-into-court-with-clean-hands". It is relatively easy to have clean hands when you can afford to buy some soap. Would it be that only those countries enjoying a

[32] Note marginale :/Marginal note:
What is more important; to convince your own people or the neutrals[?] It is becoming increasingly difficult to do both [L.B. Pearson].

[33] Note marginale :/Marginal note:
What about the short run? [L.B. Pearson]

higher standard of living would have clean hands? I doubt that any problems can be solved among nations if we subscribe to such a doctrine. I am sure, on the other hand, that there will be a lot of mud-slinging if we adopt it.[34]

5. There is a problem of irresponsibility at the United Nations and I would agree that it comes mostly from countries of the Middle East, Latin America and Asia. To try to solve it by "counter charges about social or political conditions in certain backward countries with irresponsible delegations" is the worst possible approach.

6. What seems to be required here is that closer cooperation with under-developed countries be established, and that they be given some guidance and an assurance that, once we will be sure of our own defence against the Communist menace, we will gladly participate in the solving of their economic ills.[35]

JULES LÉGER

[34] Note marginale :/Marginal note:
On the other hand it is a shade irritating to have a slave-holding state accuse you of violating human rights because Morocco is not independent! L.B.P[earson].

[35] Note marginale :/Marginal note:
I agree with this paragraph — but would prefer to change the last few words a bit L.B.P[earson].

2e PARTIE/PART 2

CONSEIL ÉCONOMIQUE ET SOCIAL
ECONOMIC AND SOCIAL COUNCIL

SECTION A

DOUZIÈME SESSION, LE 20 FÉVRIER-21 MARS 1951
TWELFTH SESSION, FEBRUARY 20-MARCH 21, 1951

244. 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. 45-51 Ottawa, February 10, 1951

SECRET

GENERAL INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE TWELFTH SESSION OF THE ECONOMIC AND SOCIAL COUNCIL, SANTIAGO, CHILE, FEBRUARY 20 TO MARCH 20, 1951[36]

General

The agenda for the Twelfth Session of ECOSOC is relatively light and should be easily completed within the four weeks period estimated by the Secretary-General. There may be a tendency on the part of the Latin American members to prolong a meeting being held in their own territory, and the Cominform delegations will undoubtedly contribute to this end by using the Council as a propaganda forum. The Delegation should resist attempts to draw out the session longer than is genuinely necessary to deal with its agenda thoroughly and efficiently.

2. The three Cominform members of the Council, the Soviet Union, Poland and Czechoslovakia, can be expected to make the most of their opportunities for propaganda at the Santiago Session. The fact that Chile has broken diplomatic relations with these Governments may be an additional incentive for them to use the Council as a medium of propaganda in that area. It is to be hoped that the non-Communist members of the Council will refuse to be drawn into lengthy and futile propaganda debates, and the Delegation should do what it can towards this end.

3. The Council will review the progress made in setting up the United Nations Korean Reconstruction Agency. Canada has endorsed the United Nations programme of relief and rehabilitation in Korea both in the Council and in the General Assembly, and the Government has pledged financial support of the programme

[36] Le chef de la délégation était John Kearney, ambassadeur en Argentine.
The Canadian delegation was led by John Kearney, Ambassador in Argentina.

(Cabinet decision of November 23, 1950). The Delegation should support United Nations action in helping the Korean people to repair the ravages of war in their country.

4. The Delegation should continue to maintain a close scrutiny of all proposals, and to assess the various plans submitted with a view to ensuring that the limited resources of funds and facilities are put to the best purpose.

Economic Questions

5. The principal economic items are those relating to technical assistance and economic development of under-developed countries. The general Canadian position on these questions has been clearly defined at previous sessions of the Council and of the General Assembly, and the Delegation should continue to be guided by the instructions approved for earlier sessions. Canadian support of the principles and objectives of the Technical Assistance Programme could be stressed, and the Delegation should continue to press for effective co-ordination and careful selection of projects of practical value.

6. The under-developed countries will undoubtedly exert heavy pressure on the Council to approve measures designed to stimulate the flow of investment capital for economic development and the location of the Session in Latin America, with the consequent increase in local press publicity, will probably encourage these delegations to press their claims with added vigour. The desire of the less advanced countries to improve their economic conditions and the standard of living of their people is valid, and the Delegation should be most careful to avoid giving any impression that Canada is unsympathetic to legitimate aspirations. However, as Canadian delegations have stressed in the past, before the governments of under-developed countries can expect substantial increase of investment from abroad many of them will have to try to create a political, economic and social atmosphere that is friendly rather than hostile to such investment and to the measure of outside concern in their affairs that necessarily goes with it. Moreover, the Economic and Social Council itself is not, nor is it likely to become, a suitable channel for arranging or facilitating inter-governmental financing. The International Bank can and does provide loans to under-developed countries where the chances of repayment are reasonably good; in the sphere of other capital assistance, such as grants, most countries in a position to provide it will prefer to do so under bilateral arrangements rather than through a U.N. agency. This is the present position of the Canadian Government; it is also the position of other governments as indicated by the Marshall Plan and the Colombo Plan.

Social Questions

7. The most difficult item on the agenda in the social field is that concerning forced labour, and measures for its abolition. A joint U.S.-U.K. resolution calling for the establishment of a U.N.-I.L.O. commission of inquiry was tabled at the Eleventh Session and will come before the Council at the Twelfth Session for a decision. The proposed inquiry is intended to serve propaganda purposes by collecting evidence on forced labour in the Soviet Union and other Cominform countries. As such an inquiry could not benefit the victims of forced labour, and as the

propaganda value of the undertaking is doubtful, it would be preferable if some alternative course of action could be agreed upon which would meet the U.S. and U.K. position without involving the U.N. in a risky propaganda venture. If a satisfactory compromise is impossible and the U.S.-U.K. proposal stands, the Delegation should support it. In that event, all necessary facilities should be provided to the Commission to ensure a first-class inquiry.[37]

L.B. PEARSON

245. DEA/5475-DS-13-40

Note de la Direction des Nations Unies pour le chef de la Direction économique

Memorandum from United Nations Division to Head, Economic Division

CONFIDENTIAL [Ottawa], April 19, 1951

TWELFTH SESSION OF ECOSOC

I attach for your information a copy of a memorandum containing a general survey of the Twelfth Session of ECOSOC. I drafted this memorandum shortly after my return from Santiago but did not circulate it before this as I wanted to have Mr. Parkinson approve the economic sections or revise them if he saw fit. Mr. Parkinson has now informed me that he saw no reason to make any alterations in the text and that he approved the entire memorandum. This general survey will form the introduction to the delegation's report, a copy of which will be sent to you when available. In the meantime I thought you might be interested in reading this general account of the atmosphere and trends apparent at the Twelfth Session of the Council.

MARGARET MEAGHER

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [n.d.]

GENERAL SURVEY OF THE TWELFTH SESSION OF ECOSOC

The outstanding feature of the Twelfth Session of the Council was the all-out propaganda campaign waged by the Communist Delegations who used every opportunity, and indeed created opportunities, to divert discussion from the practical, and for the most part, routine items on the agenda to political and highly contentious debate. There is no doubt that the locale of the Session in Chile incited the Soviet bloc to go to even greater lengths than usual, not only to sell their own ideas,

[37] Approuvé par le Cabinet, le 13 février 1951/Approved by Cabinet, February 13, 1951.

but to discredit the United States in Latin America. It was clear from the outset that the objective of their offensive was to be the United States, and from the beginning to the end of the Session they were never distracted from their target. A few passing references were made to United Kingdom policy and the capitalist system was, of course, condemned in every major statement, but the villain in the piece was the United States Government which had made dupes of us all for its own sinister ends, specifically economic domination, political hegemony and World War III.

2. For the first half of the Session the United States Delegation was seriously worried over the possible effects of the Communist propaganda drive and, because the United States was just as anxious to protect its position in Latin America as the Soviet bloc was to undermine it, the United States Delegation felt obliged to take up the challenge by defending themselves against these Communist charges of imperialism, war mongering and economic domination and by making counter charges against the Soviet bloc and the Communist system. As a result, much of the Session was devoted to heated political debate between the main protagonists, while the majority of the Council members were reduced to the role of spectators.

3. The Communist Delegations, led by Katz-Suchy of Poland, relied heavily on outrageous distortion of facts, generalizations based on individual expressions of opinion drawn from an inexhaustible supply of press clippings, and fragmentary quotations out of context, to support their charges against the United States, and on interminable and repetitious speeches, often completely irrelevant to the agenda item under discussion, to prove by contrast the ideal living condition prevailing in Eastern Europe under peace-loving governments whose only concern was the welfare of their own people. The Communist propaganda attacks on the United States and on capitalist countries in general were so extreme and their tactics so obvious that the only effect on the Council itself was to bring about a united front of opposition and to drive below the surface the honest differences of opinion which in a more normal atmosphere, such as prevailed at the Eleventh Session, would have been freely discussed and probably reconciled. The effect upon the Chilean public was more difficult to estimate. Tremendous publicity was given the Council Session by the local press and scattered comments made to the Delegation seemed to indicate that among the more intelligent and thoughtful people the cause of Communism and the prestige of the United Nations had both suffered. The United States Delegation was convinced that before the end of the Session the Communist delegations by their heavy-handed methods had done more harm to their own cause than to the United States position in Latin America. This is probably true, although certain correspondents, including Frei of the *Christian Science Monitor*, considered that the honours were about even in a situation in which almost all the advantages lay with the Western democracies. Apart from the effect which the Communist offensive may have had on the United States reputation in Latin America, there is little doubt that the United Nations itself suffered a loss of prestige by the spectacle, or as the local newspapers occasionally described it, the "circus", put on by the Council. The same routine was followed with almost every subject, with one or other of the Communist Delegations taking the offensive, resorting to all their usual irritating tricks, goading the United States and even the United Kingdom representative into replies, and in the end reducing the discussion to an undignified verbal

brawl. The local Chileans who were interested enough and knowledgeable enough to attend the Sessions or read the press accounts intelligently were considerably disillusioned and felt that not only were the proceedings below the dignity of an organization such as the United Nations, but that little if anything of practical value was accomplished in the four weeks. This latter criticism is not altogether valid, because the agenda of the Twelfth Session was composed for the most part of fairly routine items or progress reports and it was not expected that the Session would produce much in the way of positive action. It was, however, a natural reaction on the part of the local Chileans to weigh the results against the four weeks' violent and aggressive debating.

4. On the more important economic issues the under-developed countries seized every opportunity to put forward their claims for economic assistance in developing their resources. They were clearly worried over the possible detrimental effects on their own economy of the accelerated defence programmes of the more advanced countries. This was particularly noticeable when the Council discussed the world economic situation and the question of financing of economic development.

5. However, while the delegations of the under-developed countries took advantage of the general debates to make long statements explaining their position and their requirements and urging that effective measures be applied to protect their interests, they showed a willingness to compromise on final resolutions and refrained from publicly placing industrialized countries in a difficult situation. There were several contributing causes to this comparatively reasonable attitude including, as mentioned above, a disinclination to play into the hands of the Soviet bloc by showing an open split in the ranks of the non-Communist countries. Other factors were the moderating influence of Sir Ramaswami Mudaliar, the sympathetic understanding shown by the delegations of the United States and other industrialized countries of the real problems of the under-developed areas and the realization by the representatives of these countries that in the present international political climate it was not the part of wisdom to press their claims with too much vigour. None of these considerations prevented the Latin American and Asian Delegations from tabling extreme draft resolutions and exerting heavy pressure in private discussions, but after considerable behind-the-scenes negotiating, divergent views were reconciled and the final resolutions on the two major economic items, namely, the world economic situation and the financing of economic development, represented a reasonable compromise which was generally acceptable.

6. The resolution on the financing of economic development does little more than again postpone the issue, but it may be that this is the last occasion when it will be possible to satisfy the under-developed countries without some positive action. It appeared that the particular insistence at this Session for new machinery to expand the financing of economic development was in large part due to the various reports reaching Santiago from the United States regarding the recommendations of the United States Advisory Board on International Development. From the point of view of the potential capital exporting countries on the Council, the Rockefeller Report was made public at an inopportune time and the tremendous publicity given to the Report in the Chilean press did not ease the situation.

7. The Twelfth Session of the Council was the first occasion when the U.N. organ had met outside of New York or Geneva. Fears had been expressed in some quarters that the holding of the Session in Santiago would create technical difficulties for the Secretariat which would prevent them from operating efficiently. It must be stated in all fairness that the Chilean authorities co-operated splendidly and there were no complaints about the working arrangements. The meetings were held in the Carrera Hotel and the rooms assigned for the plenary and committee meetings were quite adequate. The documentation was carried out smoothly, the interpretation facilities, which were installed by U.N. technical personnel, operated perfectly and no inconvenience was experienced by delegations or Secretariat. All delegations except the United Kingdom Delegation and most of the Secretariat lived in the same hotel where the meetings were held. Members of the Santiago Police Force (Carabineros) were stationed on every floor of the hotel as well as outside the building. Special car parking facilities were provided and the surrounding streets were declared to be a silence zone for the duration of the session.

8. The disadvantages of holding the Session in Santiago were due not to any carelessness or lack of co-operation on the part of the Chilean authorities, but were attributable to the distances which delegations had to travel and the transportation expenses involved and, as a result of these two factors, the small size of most delegations. There was also, for many delegations, the difficulty of communication with their home governments. Many basic documents were distributed after the Session opened in Santiago and delegations who required instructions on the basis of these documents found it necessary either to airmail them home or send long telegrams explaining the problem. Apart from the practical disadvantages, the Council itself suffered by the attempts of the Communist Delegations to use the Session as a forum for propaganda in Latin America.

9. Partly because of the nature of the agenda, and partly because several delegations were too few in number to cover more than two meetings operating simultaneously, most of the items were dealt with entirely in plenary. The Economic Committee was fairly busy, but the Social Committee held very few meetings and those on minor items. No meetings of the Coordination Committee took place and the items on coordination were dealt with in the plenary.

10. The level of representation of most delegations at the Twelfth Session was below the usual standard. The United States Delegation was led by its Permanent Representative and Deputy Representative and, although less numerous than usual, was considerably larger than necessary. The United Kingdom Delegation was nominally headed by their resident Ambassador who gave two or three prepared statements but otherwise took no part in the discussions. The full-time working members of the United Kingdom Delegation consisted of three officers from the Permanent Delegation in New York who were assisted part-time by two members of the staff of the local Embassy. The leader of the Soviet bloc was Katz-Suchy of Poland who was indeed the only strong member of the team. The leader of the U.S.S.R. Delegation, Cherneshev, was just average and all the other members of his Delegation were definitely below average both in intelligence and effectiveness. The Czechoslovak Delegation consisted of Nosek of their Permanent Delegation in New York, and the Czech Ambassadors to Buenos Aires and Mexico. The only one

of these three who entered with any zest into the propaganda debates was the Ambassador to Mexico. With the exception of this No. 3 Czech and Katz-Suchy, all members of the three Communist Delegations, while adhering strictly to the party line and contributing to the propaganda attacks and usual delaying tactics, nevertheless conducted themselves in a reasonably courteous and civilized manner. The three newly-elected Members, Uruguay, Sweden and the Philippines, were represented by Delegations which contributed very little to the work of the Session. Sweden took almost no part in the debates and Uruguay did little more. The Philippines, on the other hand, participated far more than they should have with the particular Delegation in attendance. Their interventions were for the most part useless and irritating. The Canadian Delegation compared favourably with most of the Delegations in the calibre of its members, but with only four officers, experienced some difficulty in covering the meetings, carrying on private discussions and negotiations, keeping up with the flood of documentation and preparing reports.

11. The agenda for the Twelfth Session consisted mainly either of routine items or items dealing with problems of a continuing nature, and it was not to be expected that very much in the way of positive achievements would result from this Session. The most important positive action was probably the establishment of a joint UN-ILO Commission of Enquiry which, it is hoped, will determine the nature and extent of large-scale forced labour systems in the Soviet Union and other Eastern European countries. While the Commission is not to be restricted in its survey to any particular geographical area, the evidence so far brought before the Council indicates that it is only behind the Iron Curtain that forced labour camps, sponsored by governments, and forming an important element in the economy of the countries concerned, are in fact in operation.

12. The principal achievements on the economic aide were the two resolutions arising out of the items on the world economic situation and the financing of economic development. The first of these recommends to member governments that they take certain measures aimed at counteracting the difficulties being encountered by under-developed countries with regard to shortages of needed imports, lower levels of investment, scarcity of capital goods, and new inflationary pressures resulting from the present international situation. The second resolution makes no specific recommendations, but as a concession to under-developed countries recognizes their insistence that special emphasis be given to the problem of financing of economic development and, to this end, provides for the Economic Committee of the Council to meet a week in advance of the opening of the Thirteenth Session and requests the Economic, Employment and Development Commission to give priority at its forthcoming session to the consideration of this problem.

13. Before leaving Santiago, the Council decided, in the light of the deferment until November of the Sixth Session of the General Assembly, to postpone its next session in Geneva until approximately August 1. The tentative agenda for the Thirteenth Session already numbers over fifty items and the Secretary-General estimates that 7 to 8 weeks will be needed to complete the business of the summer session.

SECTION B

TREIZIÈME SESSION, LE 30 JUILLET-21 SEPTEMBRE 1951
THIRTEENTH SESSION, JULY 30-SEPTEMBER 21, 1951

PCO

246.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 60-51 — Ottawa, February 24, 1951

RESTRICTED

DRAFT COVENANT ON HUMAN RIGHTS: CANADIAN STATEMENT TO THE UNITED NATIONS

A report by an interdepartmental committee which has been examining the Canadian attitude to the draft covenant on human rights being drawn up by the United Nations is submitted herewith. It considers the Canadian position on this project and has attached to it a draft statement which, if approved, will be sent to the Secretary-General of the United Nations. The observations of member governments of the United Nations on the draft covenant have been requested.

It is recommended that Cabinet approve the transmission to the United Nations of the statement, the nature of which is summarized in paragraphs 12 to 15 of the committee's report.

L.B. PEARSON

[PIÈCE JOINTE 1/ENCLOSURE 1]

Rapport du Comité interministériel sur le Pacte provisoire sur les droits de l'homme

Report of Interdepartmental Committee on Draft Covenant on Human Rights

RESTRICTED — [Ottawa], February 12, 1951

CANADIAN STATEMENT TO THE UNITED NATIONS

The recent session of the General Assembly of the United Nations passed a resolution requesting governments to submit their observations on the draft covenant on human rights by February 15, 1951. The views of governments will be considered by the Commission on Human Rights in revising the draft covenant. When speaking in the Social Committee of the General Assembly on October 19, 1950, the Canadian representative said that Canada would welcome the opportunity which would be given to governments at a later date of submitting in writing their views

on the draft covenant. The attached statement, which would be sent to the Secretary-General of the United Nations, if approved, has been drafted for this purpose.

2. On September 12, 1950, Cabinet considered instructions to the Canadian delegation to the General Assembly on the draft covenant and agreed that the Canadian delegation state that the present text was not satisfactory and would require substantial revision before Canada would be in a position to vote for its adoption. This attitude was expressed by our representatives.

3. As a party to the Charter of the United Nations, Canada contracted certain general obligations to promote and encourage respect for human rights and fundamental freedoms. Each State signatory to the Charter has accepted the obligations on human rights which are set forth in the preamble, Articles 1 (3), 13, 55, 56, 62 and 68. The extent of the obligations has never been determined in exact terms. The nature of the commitments made under the Charter is described as follows by Professor Lauterpacht:

"The question of the observance of fundamental human rights has, as the result of the Charter, ceased to be one of exclusive domestic jurisdiction of States and, though not involving a right of direct intervention on the part of the United Nations, has become a matter of legitimate concern to its members and to the Organisation as a whole. Though imperfect from the point of view of enforcement, the relevant provisions of the Charter constitute legal obligations of the members of the United Nations and of the Organisation as a whole. The fundamental human rights and freedoms acknowledged by the Charter must henceforth be regarded as legal rights recognised by International Law. Their enforcement, subject to the limitations of the Charter, must be regarded as a paramount object of the United Nations".

4. When speaking in the Political Committee of the Assembly on November 25, 1946, when the question of the treatment of Indians in South Africa was under discussion, Mr. St. Laurent, as Secretary of State for External Affairs, said:

"It is worthy of note also that Article 1 of the Charter states in clear terms that it is a purpose of the United Nations to promote international co-operation in 'promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion'. This is an unqualified obligation which rests upon each Member of the United Nations. The Canadian delegation, in common with all other delegations, regards the promotion of international action in the field of human rights and freedoms as of the utmost importance in the establishment and maintenance of a just and lasting peace."

Mr. St. Laurent in a speech in Montreal on February 24, 1947, said:

"Each Member of the United Nations has, by signing the Charter which contains these declarations on human rights contracted by treaty a solemn obligation to promote and encourage respect for human rights and fundamental freedoms for all, without distinction of race, sex, language or religion. Each national government has, in the name of its people, accepted this obligation knowing the difficulties likely to be encountered in honouring it to the full. The Members of the United Nations have pledged themselves to act together in overcoming these difficulties;

they have likewise pledged themselves to act separately. Thus failure by one nation to act provides no excuse for the inaction of others."

Canada voted in favour of the Universal Declaration of Human Rights, a statement of principles, which was adopted by the General Assembly in Paris in December, 1948, though the Canadian vote was accompanied by an explanation reserving the rights of the provinces under the Canadian constitution. In a speech in the Social Committee of the General Assembly on October 19, 1950, when the draft covenant was under discussion, the Canadian representative said:

"The objective of the covenant — the assurance of effective enjoyment of basic fundamental rights and freedoms — is one with which my delegation is wholly in accord."

5. The draft covenant has been in the course of preparation for several years. It has been conceived of as part of an international bill of rights, to consist of a statement of principles or a common standard of achievement for all countries, which has already taken the form of the Universal Declaration of Human Rights, and of a multilateral convention giving rise to legal rights and obligations in the field of human rights. The Commission on Human Rights was given the task of drafting a suitable international treaty. Sooner or later the General Assembly will be asked to vote on this covenant which, if approved, will then be opened for signature and ratification. A decision by Canada to vote against the covenant would likely result in putting ourselves in this matter in a camp consisting largely of the Soviet Union and its satellites. In any event, it would expose Canada to propaganda attacks designed to show how lightly we regard our Charter commitments and what little importance we attach to the promotion of respect for human rights when we are faced with an opportunity to indicate our good intentions in a concrete form.

6. The strength of the movement in favour of international treaties to protect human rights is shown by the fact that fifteen members of the Council of Europe have recently signed a Convention on human rights and fundamental freedoms. Greece and Sweden have already ratified it and the United Kingdom expects to ratify before the end of this month.

7. As the project of a United Nations covenant is now well under way and is likely to be brought to a conclusion, it is considered that it would be wise for Canada to endeavour to influence its form and content so as to make it as unobjectionable as possible to Canada. Any international treaty drawn up under the auspices of the United Nations will inevitably, however, be the result of compromises between the varying legal systems, civilizations and policies of the participating countries. It is, therefore, too much to hope to obtain an instrument which is entirely satisfactory to Canada or any other signatory.

8. The measures of implementation and enforcement under the covenant provide for the creation of a Human Rights Committee of seven members who will be nominated and elected by the states parties to the covenant. The draft provides that they shall be persons of high standing and of recognized experience in the field of human rights and that in their election consideration shall be given to equitable geographical distribution. In the attached statement it is suggested that they should also, like the judges of the International Court of Justice, be representative of the

main forms of civilization and of the principal legal systems of the states parties to the covenant.

9. It is conceivable that accession to the Covenant on Human Rights might, at some future date, mean that action contemplated or taken by the Canadian Parliament would be in conflict with our international obligations. Our accession to an international convention would not, however, render any national legislation *ultra vires* or prevent Parliament from passing legislation at some future date which might be in conflict with our international obligations. These obligations do not, moreover, go further than the principles we recognize in ordinary practice and do not depart from except in emergencies. To cover such cases there are emergency provisions in the proposed covenant. Our freedom of action in the national sphere thus would not be interfered with from a strictly legal point of view, though in fact treaty obligations of this nature, as of many other kinds, may place limitations on internal policies.

10. Our adherence to the covenant might result in increased public pressure for a domestic Bill of Rights, though this is not certain, but the covenant provides an answer to such a demand as it gives the government an opportunity to explain that it has assumed these obligations to protect human rights in an international treaty as a matter of public policy and that this is not inconsistent with its policy in respect to domestic legislation for promoting the observance of human rights. It could be added that while the government relies on the traditional legal methods of protecting human rights in Canada, it considers that the covenant will be helpful internationally in promoting respect for these rights and in psychological warfare against the Soviet world.

11. Considerable public interest has been shown in this project for a multilateral convention on human rights and it is likely that questions may be asked in Parliament on the Canadian Government's attitude towards it. The attached statement has, therefore, been drafted not only to meet the United Nations request, but also to be of use in Parliament should it be required for this purpose.

12. At the outset the statement indicates the constitutional and legal difficulties raised by the draft covenant. On the first eighteen articles of the draft covenant which define the human rights and freedoms with which it is concerned, the view is expressed that the scope or content of the draft text is generally satisfactory, though one or two secondary provisions might be deleted, but that the form or quality of drafting requires substantial revision. A number of examples is given of the drafting changes that appear to be called for.

13. On the proposal to include a federal state clause in the covenant, under which the legal obligations would, in the case of federal states, be limited to those matters coming within federal jurisdiction, it is stated that, in the absence of a satisfactory federal clause, Canada could not become a party to the covenant. The text for a federal clause suggested by India appears satisfactory. The statement also supports the inclusion of a colonial application clause under which a state with dependent territories would be able to adhere to the covenant without automatically and immediately binding these territories.

14. The statement presents some of the arguments against the inclusion of clauses on economic, social and cultural rights in the first covenant.

15. On the measures for implementing or enforcing the covenant, it is contended that it would be wise to limit to states parties to the covenant the right of laying complaints against other states parties to it and that the covenant should not provide for the receipt and examination of petitions from individuals and non-governmental organizations.

16. It is recommended that approval be sought for the transmission to the United Nations of the statement attached.

ESCOTT REID
Chairman

[PIÈCE JOINTE 2/ENCLOSURE 2]

Déclaration canadienne sur le Pacte provisoire sur les droits de l'homme

Canadian Statement on Draft Covenant on Human Rights

February [n.d.], 1951

Under the Canadian constitutional and legal system, human rights and freedoms have been protected by judgments of the courts and by specific statutes rather than by general declarations, statements of principles or a bill of rights. Indeed, it would appear that residents of Canada enjoy in fact all the rights set forth in the draft covenant on human rights, apart from the provision for compensation in the event of a miscarriage of justice, dealt with in Article 10 (3). In Canada these rights have been observed and enforced on a rather different basis than in some other countries.

2. The existence of different methods and procedures for defining and protecting human rights has inevitably given rise to some divergence of views on the draft covenant, as expressed by the representatives of various countries in the General Assembly and other organs of the United Nations. It must thus be recognized that there are many difficulties and obstacles to be overcome in reaching a general understanding on an international treaty or agreement dealing with human rights.

3. No useful purpose would be served in bringing before the General Assembly of the United Nations for adoption a revised text of the draft covenant unless it is framed in a way to meet with wide and speedy acceptance by a large and representative group of the nations of the free world. This requires that full recognition be given to the constitutional difficulties of federal states and states with dependent territories. Canada, for its part, could not become a party to the covenant in the absence of a satisfactory federal clause. Furthermore, it is considered that the proposed attempt to include economic and social rights will jeopardize the completion and coming into force of the covenant.

The First Eighteen Articles of the Draft Covenant

4. The content or scope of the first eighteen articles of the present draft text of the covenant appears to be generally satisfactory, in the sense that they cover the essential or fundamental civil rights. It would not appear to be wise to attempt to add at

this stage to the basic principles embodied in these articles, as any endeavour to do this might well result in lengthy delays in establishing the text of the covenant and limit substantially the number of states prepared to ratify it.

5. Indeed, it might be advisable to consider the deletion of certain rather more secondary provisions in the first eighteen articles, such as the provision in paragraph 2, sub-section (b) of Article 10 to grant free legal aid, and the provisions in paragraph 6 of Article 6 and paragraph 3 of Article 10, to accord compensation in the case of unlawful arrest or a miscarriage of justice in the courts. Other countries interested in the formulation of the covenant have pointed out that these provisions have extensive administrative and financial implications. It might therefore be advisable not to include them at the present stage.

6. As regards the form or quality of drafting the first eighteen articles, the present draft text requires substantial revision. The articles are very unevenly formed. Some contain very detailed provisions while others are expressed in terms of general principles. The criticisms made of the text by different governments have been of a conflicting nature, as some have wished to have more detailed provisions with lengthy enumerations of exceptions to, or limitations on, the basic rights as defined in the covenant, while other governments have expressed a desire to confine the text to general provisions without spelling out restrictions and exceptions in detail. Since it is necessary for the purpose of a general international convention to find some common ground between the various legal systems in existence in the free world, technical terms and detailed provisions should be eliminated as far as possible, and the definitions of rights in the covenant should be expressed in general terms, while at the same time avoiding ambiguity or vagueness as far as possible.

7. In an annex to this statement some comments are made on a few articles to illustrate the unsatisfactory form of the first eighteen articles.

Federal State Clause

8. The comprehensive resolution of the General Assembly of December 4, 1950, concerning the future work of the Commission on Human Rights contains a reference to the federal state clause and provides that the Commission shall make recommendations for the purpose of securing the maximum extension of the covenant to the constituent units of federal states, and meeting the constitutional problems of federal states. The inclusion of a federal clause recognizing the special position of federal states in the covenant is of the greatest importance to Canada. Indeed, in the absence of a satisfactory federal clause, Canada, because of the nature of its constitution, which distributes legislative powers over the field of human rights between the national parliament and the provincial legislatures, could not become a party to the covenant.

9. Several proposals and texts have been advanced to meet the constitutional difficulties of federal states. Of these the text proposed by India at the Fifth Session of the Commission on Human Rights appears to be the most satisfactory.

"(a) In respect of any articles of the Covenant, the implementation of which is, under the constitution of the federation, wholly or in part within federal jurisdiction, the obligations of the Federal Government shall, to that extent, be the same as those of parties which are not federal states.

(b) In respect of any articles of this Covenant, the implementation of which is under the constitution of the federation, wholly or in part within the jurisdiction of the constituent units (whether described as states, provinces, cantons, autonomous regions, or by any other name), the Federal Government shall bring such provisions with favourable recommendations to the notice of the appropriate authorities of the units."

Colonial Application Clause

10. On December 4, the General Assembly also adopted a separate resolution concerned with the application of the covenant to dependent territories. This not only records a decision against the inclusion of a colonial application clause in the covenant, but presents the text for an article which would require that the provisions of the covenant apply automatically and immediately to all dependent territories of metropolitan states which become parties to the covenant. Many delegations voted in favour of this resolution in the belief that the benefits and rights under the covenant should not be withheld from colonial peoples. The majority decision is, however, regrettable since, if it is maintained, it will undoubtedly make it very difficult, if not impossible for a number of states with non-self-governing territories to become parties to the covenant, even after lengthy delays.

11. Under a colonial application clause, such as Article 12 of the Genocide Convention, the provisions of the covenant would not be automatically binding on overseas territories at the time of ratification, but the state responsible for the international relations of the territories in question would be able at any time by notification to extend the application of the covenant to any or all of these territories. In a social and humanitarian convention of the character of the draft covenant, which concerns many matters of local legislative jurisdiction, a clause should be included to facilitate the adherence of states with dependencies, as these states frequently have constitutional difficulties in applying conventions to their territories and as they attach great importance to respecting the autonomy and measure of self-government enjoyed by colonial governments and legislatures.

Self-determination of Peoples and Nations

12. The principal resolution adopted by the Assembly on December 4 contains a part whereby the Commission is to be requested to study ways and means which would ensure the right of peoples and nations to self-determination, though the resolution does not specifically state that articles for this purpose are to be included in the draft covenant. The principle of self-determination, which is recognized in the Charter of the United Nations itself, is of the greatest importance. The right of self-determination and independence is, however, not so much a matter of individual human rights and fundamental freedoms as a collective right and is therefore inappropriate for inclusion in the covenant.

Economic Social and Cultural Rights

13. The General Assembly decided to include economic, social and cultural rights in the covenant, and the Commission is to be instructed to make provision for them in the draft covenant. It is to be hoped that the General Assembly will reconsider this decision.

14. The advancement of economic, social and cultural rights is a matter of great importance. The traditional civil liberties cannot be fully exercised in the modern world, unless economic and social rights are also promoted and enjoyed. There is therefore a close relationship between the two categories of rights. Generally speaking, however, economic and social rights cannot be protected and encouraged in the same way as civil and political rights. The latter involve limitations on the powers of governments and legislatures to interfere with the rights of the individual. Economic, social and cultural rights, on the other hand, are not so much individual rights as responsibilities of the state in the field of economic policy and social welfare which usually require for their effective implementation detailed social legislation and the creation of appropriate administrative machinery. There is thus a fundamental difference in the nature of the two categories of rights.

15. An attempt to include economic and social rights in the first covenant will jeopardize, if not make impossible, its completion. It will be extremely difficult to reach any general agreement, at least without lengthy delays, on the formulation of these rights in a way that will give rise to workable and enforceable legal remedies.

Measures of Implementation

16. The resolution of the General Assembly under consideration did not, unfortunately, deal adequately with the part of the draft covenant which concerns the measures of implementation. The resolution is limited to a request that consideration be given to the insertion, in the draft covenant or in separate protocols, of provisions for the receipt and examination of petitions from individuals and organizations with respect to alleged violations of the covenant, in addition to the existing provisions for the laying of complaints by signatory governments.

17. There are certain obvious difficulties to be overcome in giving satisfactory effect to the right of petition from individuals or non-governmental organizations. Some machinery would have to be devised, for example, to eliminate frivolous and irresponsible petitions, many of which might be made without any previous attempt to utilize available and adequate local remedies, or might be submitted for purely propaganda, political, malicious, or abusive purposes. The machinery for determining the receivability and best methods of examining and giving effect to private petitions should be studied carefully before extending the measures of implementation in the covenant beyond the laying of complaints by one state party to the covenant against another state which is also a party. It may be noted that only states can at present be parties in cases before the International Court of Justice. The draft covenant as it now stands would appear to contain adequate provisions on implementation.

18. Complaints between states would, under the draft covenant, be investigated by a Human Rights Committee of seven members who shall be persons of high standing and of recognized experience in the field of human rights. The covenant might usefully provide that the Committee should, like the judges of the International Court, be representative of the main forms of civilization and of the principal legal systems of the states parties to the covenant. Consideration might again be given by the Commission to including paragraphs designed to reduce or avoid overlapping between the activities of the Human Rights Committee and those of

other organs of the United Nations, and also to provide for a more effective and closer relationship between the functions of the International Court and the Committee.

Provisions for Amendment

19. A minor modification of the final article of the draft covenant, which deals with the process of amendment, might be desirable. In its present form it gives power to a third plus one of the members of the General Assembly to veto a proposed amendment to the covenant. This group might well be comprised entirely of states not parties to the covenant. In order to avoid such a situation the states parties to the covenant should be given more control over the amendment of the instrument. This could be done by re-drafting the last sentence of paragraph 1 of Article 45 and paragraph 2, to read as follows:

"...Any amendment recommended by a two-thirds majority of the States present and voting shall be transmitted by the Secretary-General to the Members of the United Nations and to other States Parties to the Covenant.

2. Unless the General Assembly within twelve months expresses its disapproval of a proposed amendment by a two-thirds majority of the Members present and voting the amendment shall come into force when ratified in accordance with their respective constitutional processes by two-thirds of the States Parties to the Covenant."

[PIÈCE JOINTE 3/ENCLOSURE 3]

Annexe à la déclaration canadienne
sur le Pacte provisoire sur les droits de l'homme

Annex to Canadian Statement
on Draft Covenant on Human Rights

COMMENTS ON SOME OF THE FIRST EIGHTEEN ARTICLES

1. Paragraph 1 of Article 1 reads as follows: "Each State party hereto undertakes to respect and to ensure to all individuals within its territory and subject to its jurisdiction the rights recognized in this Covenant, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status."; while Article 17 reads: "All are equal before the law: all shall be accorded equal protection of the law without discrimination on any ground such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status." These provisions are expressed in similar language but are apparently intended to convey different meanings. If so, this should be made clear by the use of more precise language in each article.

2. Article 4 of the present draft now reads: "No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment. In particular, no one shall be subjected against his will to medical or scientific experimentation involving risk, where such is not required by his state of physical or mental health." The second sentence suggests, particularly in the final phrase, a dangerous exception

which might be abused, although without this exception the sentence might be interpreted to stand in the way of genuine medical progress. The first sentence of the Article appears to cover adequately the subject of prohibition of torture or cruel punishment. The second sentence should therefore be deleted. With this change the article would be similar to Article 3 of the Convention for the Protection of Human Rights drawn up by the Council of Europe.

3. Article 8 reads:

"1. Subject to any general law, consistent with the rights recognized in this Covenant:

(a) Everyone legally within the territory of a State shall, within that territory, have the right to (1) liberty of movement and (2) freedom to choose his residence;

(b) Everyone shall be free to leave any country including his own.

2. (a) No one shall be subjected to arbitrary exile.

(b) Subject to the preceding sub-paragraph anyone shall be free to enter the country of which he is a national."

This constitutes a satisfactory definition of freedom of movement, but it is introduced by the vague phrase "Subject to any general law, consistent with the rights recognized in this Covenant". While such a proviso is necessary, it should be more precisely formulated as the phrase has already given rise to different interpretations.

4. Articles 13, 14, 15 and 16 contain formulas providing for limitations on freedom of thought, religion and expression and the rights of assembly and association defined therein, but the formula employed is not uniform and in the interests of good drafting and ease of interpretation, the limitation clause should be expressed in the same way in the four articles, except where a difference in substance is intended. Furthermore, the rights defined in Articles 15 and 16 are expressed in a less direct way than the rights in Articles 13 and 14. It would be better if the form of the first two were followed throughout. The comparable articles in the Council of Europe Convention, namely 9, 10, and 11, appear in some respects to be better drafted and might serve as models for the revision work of the Commission on Human Rights.

5. Several phrases are used in various articles which may be given different meanings under different legal systems or when expressed in different languages. These include the terms, in the English text, "self-defence" in paragraph 2 of Article 3, "arbitrary arrest" in paragraph 1 of Article 6, and "order" or "public order" in Articles 13, 14, 15 and 16. These expressions should be avoided, and the concepts involved stated in other terminology.[38]

[38] Approuvé par le Cabinet, le 14 mars 1951./Approved by Cabinet, March 14, 1951.

PCO

247.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 198-51 Ottawa, July 30, 1951

CONFIDENTIAL

GENERAL INSTRUCTIONS TO THE CANADIAN DELEGATION TO THE THIRTEENTH SESSION OF ECOSOC GENEVA, JULY 30 — SEPTEMBER 21[39]

Economic Questions

1. In the debate on the financing of economic development the Delegation might be guided by the following considerations:

(a) The first requirement for any substantial increase in the flow of foreign capital to under-developed countries is the creation by them of a favourable economic and political climate and of a suitable institutional framework for mobilizing and channelling their domestic resources and effectively utilizing such assistance as may be given. These are requirements which can only be met through vigorous and constructive action on the part of the governments concerned.

(b) The current scarcity of certain materials and equipment essential to an accelerated programme of economic development constitutes a limiting factor on the rate of progress at the present time.

(c) No convincing arguments have been adduced to justify the creation of new international machinery. The International Bank for Reconstruction and Development was set up for the express purpose of financing economic development and has from the outset received full Canadian support. While Canada would welcome suggestions which would lead to greater effectiveness of the Bank's efforts without jeopardizing the essential soundness and practicability of its operations, we would not favour plans for the creation of new institutions which tend to duplicate the Bank's established facilities or to detract from its future potentialities. Above all, Canada does not concede the desirability or necessity for providing grants for development as part of any arrangement where the would-be recipients are able to exercise undue influence in their own favour. For assistance not available through the Bank, Canada, like the United States, prefers, at this stage, to rely on bilateral arrangements under which agreement can be reached on specific aims, standards and methods, and where donors can maintain the necessary control over the timing, the extent and nature of the assistance given. Moreover, it would be unrealistic to envisage the establishment of an international agency unless there were advance

[39] Le chef de la délégation était Jean Lesage, secrétaire parlementaire au secrétaire d'État aux Affaires extérieures.
The Canadian delegation was led by Jean Lesage, Parliamentary Secretary to the Secretary of State for External Affairs.

assurance that the principal countries, such as the United States, which might be expected to provide financial backing, were prepared to make the necessary capital available.

2. Canadian participation in the Colombo Plan and in the Expanded Programme for Technical Assistance provides evidence of a genuine desire to give practical support to economic development, and the Delegation might use the particular example of the programme for economic development in South and South-East Asia to illustrate the interest and co-operation of the more industrialized countries.

3. It is important to convince the under-developed countries of the sympathy and good-will of the more advanced countries of the free world, and the Delegation should do what it can towards this end. Therefore, without committing the Canadian Government to any scheme of international financing of economic development or encouraging the establishment of new international machinery, the Delegation could support reasonable resolutions which would keep the issue under review and would provide for examination of specific proposals by governments and appropriate bodies, particularly the International Bank and the International Monetary Fund.

4. The item on restrictive business practices was placed on the agenda by the U.S. which is anxious to have the United Nations initiate measures for international co-operation in the field of monopolies, cartels and restrictive business practices generally. It is understood that the U.S. will propose that ECOSOC convene a special conference to examine this problem and draft a convention. The Delegation might support the principle of the assumption by ECOSOC of responsibility for initiating international action in this field and may vote in favour of convening a special conference to draft a convention. However, if the introduction of the U.S. resolution appears likely to lead to the opening of the whole question of amendments to the GATT at the Sixth Session of the contracting parties, the Delegation should seek further instructions from Ottawa.

Miscellaneous

5. ECOSOC will take action at its summer session on the series of recommendations submitted by the Ad Hoc Committee on the Organization and Operation of the Council and its Commissions. These recommendations are aimed at simplifying the complex structure of the Council and at organizing its work on a more efficient basis. Some functional commissions and sub-commissions would be discontinued, while others would remain in their present form but would meet only when convened by ECOSOC on the recommendation of the Secretary-General. The Council itself would meet three times a year instead of twice and would deal at each session with a smaller agenda of related items. All recommendations of the Ad Hoc Committee are based on a two-year trial period. The Ad Hoc Committee's recommendations might be supported by the Delegation on the understanding that the entire question of ECOSOC organization will be reviewed after a period of two to three years' experience under the changed system of operations.

L.B. PEARSON

248. 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. 199-51 Ottawa, July 30, 1951

CONFIDENTIAL

DRAFT INTERNATIONAL COVENANT ON HUMAN RIGHTS

The Economic and Social Council at its Thirteenth Session, opening in Geneva on July 30, will again consider the draft international covenant on human rights. In accordance with the directives given it by the General Assembly, the Commission on Human Rights has now included in the draft covenant a section on economic, social and cultural rights. The Commission has also revised the original articles on implementation and has added a new section on implementation intended to apply to the economic, social and cultural provisions. It deferred action on the revision of the first eighteen articles dealing with civil rights, on the drafting of recommendations concerning a federal state clause, and on the question of petitions from individuals and non-governmental organizations. A copy of the latest draft of the covenant, as submitted by the Commission on Human Rights to the Economic and Social Council, is attached.[40]

2. *It is recommended* that the instructions set forth in the following paragraphs be given to the Delegation on the various aspects of the draft covenant which may be considered in ECOSOC.

Economic, Social and Cultural Rights

3. The memorandum approved by Cabinet on March 14, 1951, for transmission to the Secretary-General expresses the hope that the General Assembly will re-consider and reverse its decision to include economic, social and cultural rights in the covenant. In support of this position, the memorandum states:

"The advancement of economic, social and cultural rights is a matter of great importance. The traditional civil liberties cannot be fully exercised in the modern world unless economic and social rights are also promoted and enjoyed. There is therefore a close relationship between the two categories of rights. Generally speaking, however, economic and social rights cannot be protected and encouraged in the same way as civil and political rights. The latter involve limitations on the powers of governments and legislatures to interfere with the rights of the individual. Economic, social and cultural rights, on the other hand, are not so much individual rights as responsibilities of the state in the field of economic policy and social welfare which usually require for their effective implementation detailed

[40] Voir/See United States, Department of State, *Bulletin*, Volume XXIV, No. 626, June 25, 1951, pp. 1003 ff.

social legislation and the creation of appropriate administrative machinery. There is thus a fundamental difference in the nature of the two categories of rights.

"An attempt to include economic and social rights in the first covenant will jeopardize, if not make impossible, its completion. It will be extremely difficult to reach any general agreement, at least without lengthy delays, on the formulation of these rights in a way that will give rise to workable and enforceable legal remedies."

These views have been confirmed by the results obtained by the Commission on Human Rights at its Seventh Session in its efforts to draft articles on economic, social and cultural rights and measures for their implementation (Part III and Part V of the revised draft covenant).

4. The United States Delegation to ECOSOC will agree to the inclusion of economic, social and cultural rights unless assured of a majority vote in favour of their deletion. If these rights remain in the covenant, the United States Delegation is authorized to vote for the covenant but will, in that event, read into the records a declaration of understanding of the term "rights" as employed in the economic, social and cultural provisions in contrast to the use of the term "rights" in the civil and political provisions. The gist of this declaration will be that the United States interprets the economic, social and cultural rights included in the covenant as objectives towards which states adhering to the covenant will, within their resources, undertake to strive, by the creation of conditions which will be conducive to the exercise of private as well as public action, for their progressive achievement.

5. The Canadian Delegation to ECOSOC should support any proposal to exclude economic, social and cultural rights from the first covenant on human rights and to deal with these problems separately. Should the majority favour the retention of economic, social and cultural rights in the covenant, the Delegation should support a proposal, which the French delegation is expected to make, to consider the present draft of these articles as a progress report from the Commission and to defer detailed discussion until the Commission submits a complete draft of the covenant. In the event that the Council decides to examine the text of the section containing economic, social and cultural rights, the Delegation should not participate in the debate on this section and should abstain on all votes.

Implementation of Economic, Social and Cultural Rights

6. Part V of the revised draft covenant contains additional articles on implementation, intended as measures of implementation of the economic, social and cultural rights included in the present draft. The Delegation should adopt the same position on this section as on the section containing the economic, social and cultural rights themselves and abstain on any votes taken on individual articles.

Revised Articles on Implementation

7. The Commission on Human Rights, in accordance with General Assembly directives, reconsidered the earlier articles on implementation and made several revisions. The revised text of these implementation articles is to be found in Part IV of the present draft covenant. It is understood that this section on implementation

will apply to the first eighteen articles of the covenant, and on that understanding the Delegation could indicate general approval of the Commission's revisions. The most important of these aim at avoiding overlapping between the activities of the Human Rights Committee and those of other organs of the U.N. and at a closer relationship between the functions of the Human Rights Committee and the International Court of Justice and are in line with suggestions contained in the Canadian statement on the draft covenant submitted to the Secretary General.

8. In regard to any other aspects of the draft covenant which may be considered in ECOSOC, the Delegation should be guided by the views contained in the Canadian statement of March 14, 1951, on the draft covenant.[41]

L.B. PEARSON

PCO

249.

Note du ministre de la Citoyenneté et de l'Immigration, du secrétaire d'État aux Affaires extérieures et du ministre du Travail pour le Cabinet

Memorandum from Minister of Citizenship and Immigration, Secretary of State for External Affairs and Minister of Labour to Cabinet

CABINET DOCUMENT NO. 208-51 Ottawa, August 13, 1951

SECRET

INTERNATIONAL FINANCING OF EUROPEAN EMIGRATION

This is one of the main subjects on the agenda of the 13th Session of ECOSOC. It is a particularly topical one, because the problem of population surpluses in Western Europe has recently been considered by a Tripartite Conference of Experts, by the Council of Europe, by the International Labour Office and by the U.N. Secretariat. I.R.O. is scheduled to terminate operations shortly, and the I.L.O. is preparing detailed plans for entering the operational migration field, to which it hopes to obtain the agreement of governments at its Migration Conference to be held in Naples this coming October.

2. The Interdepartmental Advisory Committee on Immigration has considered the matter of European migration generally, and has reached certain conclusions on which a Canadian policy might be based. In brief, it recognizes that mainly due to the war and its aftermath there exists in Western Europe a refugee problem, as well as a general problem of population surpluses. It is in Canada's own practical interest to increase its population by encouraging immigration from such sources. It is also in Canada's political interest to help prevent the spread of Communism by

[41] Les recommandations figurant dans les documents 247 et 248 ont été approuvées par le Cabinet le 2 août 1951.
The recommendations in Documents 247 and 248 were approved by Cabinet, August 2, 1951.

cooperating in any practical measures designed to help solve that overpopulation problem.

3. One difficulty is that the character of the present I.L.O. approach to the problem is largely a statistical and demographic one which, while presently restricted to Europe, would in principle at least have equal application to over-population problems in other parts of the world. Asian countries are members of I.L.O. and if this organization were placed in charge of migration work along the lines suggested, this might possibly give rise in the future to embarrassing representations by these countries. Canada's position would be particularly difficult if such representations were made by Asian members of the Commonwealth. Canada is presumably not prepared to alter its present immigration policy and consequently the Canadian delegation should oppose the acceptance of an approach along purely statistical and demographic lines.

4. Insofar as any operational functions to be discharged by an international organization are concerned, it would seem desirable to ensure that,

(a) in the first instance they are limited to the residue of the refugee problem in Europe with possible extension to the emergency surplus population problem in Western European countries with war-torn economies; and

(b) it is clearly understood that the operational services would be simply facilities available at the request of countries of emigration and immigration in carrying out their own migration policies and would not be an instrument for the execution of large-scale international migration programmes which might enter into conflict with the national policies of the countries directly concerned.

Consequently the Committee recommends that Canada should be prepared to consider proposals for the creation of new or extended international migration arrangements of an *operational* character only if it has been demonstrated that they are urgently required to meet a need such as that referred to in (a), which can only be met efficiently and economically through international action, or if the operational facilities are clearly intended simply to be available for the assistance, on request, of governments of countries of emigration or immigration. In any event, Canada would be unwilling to participate in an operational migration agency unless it made specific provision for the right of Canadian selection of immigrants in accordance with Canadian standards and absorptive capacity, and for limitation on the life of the organization and the area or regions it is to cover.

5. The Committee recommends that, while adopting a cautious attitude to international plans of an operational character, Canada should co-operate in efforts to meet migration problems through the improvement and extension of national or bilateral facilities and the continuation of technical and advisory services now provided internationally.

6. At the 13th Session of ECOSOC, the Canadian Delegation should be guided, in general, by the above considerations, and should carefully avoid any new commitment in the field of migration which runs counter to Canadian policy or practice. It should support any move to defer any decision which might, by implication or otherwise, encourage the I.L.O., or any other international organization to embark upon an operational programme in the field of migration. It should reserve

Canada's position on any matter which might involve a financial commitment. It should also stress the importance of submitting all proposals in detail, and in time for careful study by each government before any decision is taken.

7. Concerning the specific recommendations made in the Secretary General's report, the Canadian Delegation might support any reasonable proposals which encourage the development of national and bilateral action to further European migration, and any proposals which encourage the countries primarily concerned to make use of the existing technical assistance facilities of international organizations, such as the I.L.O., and the loan facilities of the International Bank. Experience has shown that some of these facilities have not been used to the full in the past, whereas others have been too recently developed to permit assessment of their full practical value.

8. On the recommendation made by the Secretary General that international measures concerning migration should be co-ordinated by a single international organization (presumably I.L.O.), the Canadian Delegation should suggest that a decision in this matter be postponed until the next session of ECOSOC. It is not felt that the Secretary General's report demonstrates any necessity for the co-ordination of existing migration services by a single agency, nor does it prove the need for establishing additional operational machinery. Until prior decisions have been taken concerning such matters, and until a clearer picture is obtained of the type of activities which might be undertaken in the future, it would seem premature for the Council to designate an agency responsible for the co-ordination of such activities.

9. The Secretary General also recommends that — should a co-ordinating agency be established — it might be equipped to assume responsibility for the international measures required for the financing of migration, including the establishment of an international revolving fund. Decision in this matter should be postponed, as it would imply that there should be a co-ordinating agency with functions not necessarily limited to Europe, and that it should be financed internationally. The need for this should first be demonstrated. Furthermore, it is unrealistic to speak of an international revolving fund without knowing whether the United States intends giving it adequate financial support, and without knowing the details of the proposed fund, such as its probable size, how it will be administered, and how much immigration countries, such as Canada, will be expected to contribute to it. The 14th session of the Council will take place after the I.L.O. Migration Conference in Naples this coming October. By that time, the Council and participating governments will have

had an opportunity to review the whole problem in the light of the more definite plans and proposals to be submitted to the Naples conference.[42] [43]

W.E. HARRIS
Minister of Citizenship and Immigration
L.B. PEARSON
Minister of External Affairs
M.F. GREGG
Minister of Labour

250. DEA/5475-DS-16-40

Le secrétaire d'État par intérim aux Affaires extérieures aux chefs de poste à l'étranger

Acting Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR DOCUMENT NO. A 83/51 Ottawa, November 12, 1951

THE THIRTEENTH SESSION OF THE ECONOMIC AND SOCIAL COUNCIL

You will probably by now have received a copy of the Report of the Canadian Delegation to the Thirteenth Session of the Economic and Social Council, held in Geneva July 30—September 22, 1951.† I now enclose a copy of a separate memorandum which contains a general survey and appreciation of the work of the Thirteenth Session. While this document was prepared by one member of the Delegation, it carries the general concurrence of the Delegation as a whole, including the senior members.

S. MORLEY SCOTT
for Acting Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET [Ottawa], November 5, 1951

GENERAL SURVEY OF THE THIRTEENTH SESSION
OF THE ECONOMIC AND SOCIAL COUNCIL
GENEVA, JULY 30—SEPTEMBER 22, 1951

Any attempt at an appreciation of a session of ECOSOC must be made against the background of the prevailing political atmosphere, and the work of the Council must be evaluated in relation to the political and ideological conflicts which have

[42] Voir les documents 277 et 278./See Documents 277 and 278.
[43] Approuvé par le Cabinet, le 15 août 1951./Approved by Cabinet, August 15, 1951.

now come to influence virtually all its deliberations and decisions. Bearing in mind the stormy return of the Soviet bloc to the previous session in Santiago (Feb-March 1951), following their boycott of the United Nations over the Chinese representation issue, most delegations at the Thirteenth Session in Geneva watched closely during the first few days for an indication of the line which the Cominform members would be likely to adopt. At the outset they appeared to be in an unusually conciliatory mood and the hope spread that perhaps at this session the Council could proceed expeditiously with its business and accomplish some constructive work, relatively unhampered by propaganda warfare. The hope was short-lived, however, and after a few days of comparative harmony, the old battle lines were drawn and the two sides settled down to the usual attacks and counter-attacks. The late arrival of Dr. Katz-Suchy of Poland may have accounted for the delay in the opening of the propaganda offensive by the Cominform bloc (as in Santiago, he was the principal and certainly the most effective spokesman for the Cominform Delegates) but, in any event, after the first week, few opportunities were lost for injecting political controversy into the debates. There was nothing novel or interesting in the Soviet propaganda which was the standard variety consisting largely of violent charges directed against the United States for its warmongering policies and its economic exploitation of under-developed countries. The only noticeable change on the part of the Cominform Delegates since Santiago was in regard to tactics. At the Santiago Session, the constant interruptions, points of order, petty bickering and personal insults created an atmosphere in which it was almost impossible to carry on an orderly discussion. These tactics were discarded at the Thirteenth Session in favour of lengthy repetitive and extremely tiresome discourses which resulted in an appalling waste of time but which permitted the Council to conduct its debates on a reasonably dignified and civilized plane. The Czechoslovak Delegation, while religiously following the party line, continued, as it had done in Santiago, to express adherence to this line with commendable brevity. Dr. Nosek, the Head of the Czechoslovak Delegation and First Vice-President of ECOSOC, is a man of very few words and neither he nor his Delegation can be held responsible for the length of the propaganda debates. In private conversation he expressed his strong disapproval of the interminable and often irrelevant speeches so frequently heard in the Council, and in the light of his own performance, his sincerity should perhaps not be doubted.

2. While the U.S.S.R. and Poland were certainly responsible, especially in the earlier part of the Session, for initiating propaganda debates, the United States, and to a lesser extent, the United Kingdom and France, showed no reluctance in joining battle and on more than one occasion, launched an offensive. In consequence, a considerable proportion of the time of the Thirteenth Session was taken up by four or five member-states for political debate while the great majority, interested in making some progress towards the solution of economic and social problems, was forced to stand by as spectators. The chief Indian Delegate pointed this out at one stage and expressed in strong terms the irritation and frustration of his own Delegation which, he maintained, had come to the Session for other reasons than to listen to the Big Powers fighting their ideological battles on the floor of the Council. Despite the attitude of the Indian Delegation, which is probably shared by many

other middle and small powers on the ECOSOC, it seems inevitable that the Council will continue to operate in a strong political atmosphere and it would be unrealistic in the present international climate to expect otherwise. The President of ECOSOC expressed this point of view rather well when, in a private argument with Mr. Arkadiev (the U.S.S.R. Delegate), concerning the proper subject matter for ECOSOC debate, he was overheard to say that all discussions at this particular session could well have been conducted under a single, all-embracing item entitled "Communism versus Capitalism".

3. The other major conflict of interests, that is between developed and under-developed countries, continued unabated. The alignment of delegations was, except for the occasional defection, the same as in the past and again India, in spite of the absence of Sir Ramaswami Mudaliar, played a useful role by exercising a moderating influence on the more extreme delegations in the camp of the under-developed countries.

4. One aspect of the conflict between developed and under-developed countries which seems to be emerging is the tendency on the part of the under-developed countries to air their complaints and grievances and demands frankly and forcefully in spite of the presence of the Cominform delegations and the use they might make of discord in the ranks of the non-communist world. At the Thirteenth Session the attempts of the Cominform Delegations to play up the differences and drive a wedge between the developed and under-developed countries failed, largely because of the effective handling given them by the delegations of the under-developed countries themselves. Too much weight should not perhaps be attached to this development on the basis of one session's experience but it may indicate that in future the under-developed countries will insist upon bringing differences and disagreements into the open and discussing them fully and frankly and that they will not pull any punches for fear of providing the Soviet bloc with handy ammunition for propaganda warfare.

5. In the light of the conflict between the Soviet Union and the Western democracies and considering the very lengthy agenda (58 items) including many items of major importance and of a highly controversial character, the results of the Thirteenth Session of the Council, while not inspiring, are not too discouraging. Certain long-term problems were brought a little nearer to solution, some problems were attacked for the first time and a few projects were recognized as unattainable in the immediate future. Furthermore, certain international economic problems formerly dealt with outside the framework of ECOSOC were given serious attention at this Session and, as a result of action taken, one or two of these issues may be handled in future by international machinery operated in some kind of loose relationship with the Council.

6. Most of the major items on the agenda of the Thirteenth Session were economic in character and a detailed account of the discussions held and decisions taken is to be found in the Report of the Delegation. In the present general survey of the Session's achievements in the economic field, special mention might be made of the items dealing with economic development, technical assistance, land reform, commodity arrangements and restrictive business practices.

7. The economic development of under-developed countries is undoubtedly the most important and the most difficult of the economic items on the Council's agenda, partly because of the magnitude of the problem, from the strictly economic point of view, and partly because of the important political implications. The President of the Council, in his closing speech, underlined the political aspect when, paraphrasing Lincoln, he said: "There cannot be a peaceful world, half prosperous and half destitute".

8. As was to be expected, the Council devoted a great deal of time both in the preliminary meeting of the Economic Committee and in the Plenary meetings of the Council to discussions on economic development. There was the usual alignment of delegations with the representatives of the more advanced and industrialised countries holding their positions against the strong pressure brought to bear upon them by the under-developed countries of Asia and Latin America. The final resolution adopted by the Council follows the general pattern of previous resolutions on this item with the important addition that it gives a nod of approval to the idea that an International Finance Corporation should be established to promote financing of productive private enterprise either through loans without government guarantee or through equity investments. This was one of the recommendations of the group of experts established by the Council in 1950 to study and report on unemployment and under-employment in under-developed countries. The International Bank is asked under the resolution to study this matter further and to report to the Fourteenth Session of the Council.

9. The United Nations Expanded Programme of Technical Assistance which is now well under way was given detailed and thorough study by the Technical Assistance Committee and, as a result, the administrative and financial arrangements for its operation were placed on a sounder and more effective basis. It was decided, inter alia, to establish a reserve fund of $3,000,000 and also to increase the proportion of the Technical Assistance Fund which the Technical Assistance Board would be responsible for allocating. This means that instead of automatically allocating almost all the contributions received to the participating agencies on a fixed percentage basis as is done under the provisions for the first financial period, a substantial sum, amounting to well over half the anticipated Fund, will be held for allocation by the Technical Assistance Board in accordance with certain general principles. These new financial arrangements require approval of the General Assembly but it is unlikely that there will be any important opposition.

10. The tremendous problem of land reform was discussed at the Thirteenth Session for the first time as a direct consequence of a resolution adopted by the General Assembly in 1950 on the initiative of the Polish Delegation. Like economic development, with which it is closely related, the issue of land reform has obvious social and political implications and the successful handling of this item required a nice balance of vigour and tact on the part of the leading western members of the Council. The United States regarded the subject as of considerable propaganda importance and was anxious to take the principal role away from the Cominform Delegations. A draft resolution submitted by the United States and subsequently amended by various delegations was eventually adopted after a lengthy and controversial debate. It is accepted on all sides that the achievement of sound land

reforms will be a slow and gradual process and that different methods of implementation will be applicable to different countries. The Council's resolution, therefore, does not urge immediate radical changes but it does recognize the need for reform in the systems of land tenure prevailing in many parts of the world and it does set forth the various fields in which action can be taken toward this end by the governments concerned. The resolution also recognizes that in many countries appropriate measures of land reform must be regarded as a necessary precondition for economic development. Thus, a start has been made toward the solution of a widespread and basic economic problem; it is unquestionably a long-term project but any progress made towards its implementation will, like the technical assistance programme, help to lay a firm foundation for sound economic development. The acceptance by the under-developed countries themselves of the importance of technical assistance and of land reform can perhaps be interpreted as a healthy tendency towards recognition of the fact that real economic development cannot be measured in terms of increased industrialization alone.

11. The Council's resolution on procedures for inter-governmental consultation on problems of primary commodities is not in itself of particular importance since it maintains on a temporary basis the Interim Co-ordinating Committee on International Commodity Arrangements (with a new procedure for the appointment of a chairman) and postpones until 1952 detailed consideration of permanent procedures for convening international commodity conferences. The real significance of this item lies in the desire of the United States to work out arrangements whereby the Secretariat of GATT would be integrated into the United Nations. This is a manoeuvre of the United States Administration to avoid the necessity of seeking the specific approval of Congress for the United States share of the GATT budget, a request which they fear would be turned down in the light of the Congressional attitude towards the ITO. Should the Council agree to the proposal which the United States Delegation is expected to submit to the next session, GATT will continue to operate independently but some kind of formal relationship with ECOSOC will have to be established and to that extent, it will be brought into association with the United Nations.

12. Another economic problem which was brought before the Council for the first time at the Thirteenth Session was the question of international action to prevent restrictive business practices. The United States, which placed this item on the agenda, wants an international convention to prohibit international cartels. The Council dealt with this issue at the Thirteenth Session by setting up an ad hoc committee on restrictive business practices consisting of 10 Member States, including Canada, which is directed to study the problem and submit proposals to the Council not later than March, 1953, on methods to be adopted by international agreement to prevent restrictive business practices in international trade.

13. Most of the social items on the agenda of the Thirteenth Session were of relatively minor importance or concerned problems of a continuing nature which required little discussion. In the field of human rights, however, the agenda included two major and highly controversial subjects, the Draft Convention on Freedom of Information and the Draft Covenant on Human Rights.

14. In 1948, an international conference on freedom of information, held in Geneva, prepared a draft convention on freedom of information, which was submitted to the General Assembly. Action on the draft convention was twice deferred by the General Assembly in the light of the wide divergence of views on the subject, and at its 1950 Session, the Assembly established an ad hoc Committee to draw up a new text for submission to ECOSOC at its Thirteenth Session. The Council was directed to consider the draft convention and decide whether a plenipotentiary conference should be convened to frame and sign the final convention. The Canadian Government, after full consultation with press associations and other information agencies in Canada, decided that the draft convention was unacceptable and that in the present international political climate, the United Nations should not proceed with the attempt to establish a convention in this field. The discussion on this subject in the Council gave rise to a prolonged and contentious debate. Eventually, however, the Canadian view, supported by other like-minded delegations, prevailed and the Council decided against the calling of a plenipotentiary conference.

15. The Draft Covenant on Human Rights, which has been in the process of preparation for the past two years, was revised by the Commission on Human Rights at its 1951 spring session and submitted to the Thirteenth Session of the Council. The Commission was unable to complete the full revision of the Draft Covenant but, in accordance with directives given it by the General Assembly, it drafted articles providing for economic, social and cultural rights, as well as special provisions for the implementation of these rights. Since the Draft Covenant was still incomplete, there was no inclination on the part of the Council to undertake a detailed study of the text and the debate centred upon the two new sections dealing with economic, social and cultural rights and measures for their implementation. Here also, the Council avoided examination of the individual articles and confined its discussion to the preliminary question whether this category of rights should be included in the first international covenant.

16. The Canadian Delegation, in accordance with the previous Canadian position toward the merging of economic, social and cultural rights with civil and political rights in a single covenant, and in accordance with specific instructions given it by Cabinet, urged that the Council request the General Assembly to reconsider the decision taken last year to combine all these rights in one instrument. In spite of the practical and logical arguments put forward by the Canadian Delegation against an attempt to include in a single covenant two categories of rights so different in their nature, many delegations stoutly maintained their previous position and insisted that economic, social and cultural rights could not be separated from civil and political rights and that the latter were useless to a man who was deprived of the former. A few delegations, however, though they shared these views, were prepared in the face of the arguments put forward by Canada and others to resubmit the question to the General Assembly. In the end, a resolution was adopted by a small majority which requests the Commission on Human Rights to complete its unfinished business and which requests the General Assembly to reconsider its decision concerning the inclusion of economic, social and cultural rights in the first covenant.

17. It is discouraging that the action taken by ECOSOC in regard to the two major human rights problems before it could not have been more positive. On the

other hand, the decisions taken reflect a realistic appreciation of the difficulties involved and in that sense, can perhaps be regarded as demonstrating a more practical approach to international problems.

18. The problem of coordination was again given prolonged and detailed consideration at the Thirteenth Session, with the United States taking the lead in urging more positive action by ECOSOC in this field. Although no new measures of coordination were adopted by the Council at this Session, the United States Delegation served notice of its intention to introduce at the next Session a resolution setting forth certain broad programmes or fields of work which ECOSOC might recognize to be of major importance, and might recommend to specialized agencies for their guidance. While there may be some merit in this proposal, the woolly arguments advanced by the United States Delegation and its confused explanation of the concept of priorities which it was advocating, give rise to the fear that the "broad programmes" to be presented to the next Session may be so broad as to defeat the aim of coordination, that is concentration of effort.

19. The Coordination Committee attempted to examine the programmes of the specialized agencies and of the commissions of the Council in the light of the criteria for establishing priorities adopted at the Eleventh Session and subsequently approved by the General Assembly in 1950. The examination of programmes was, necessarily, perfunctory, and did not result in a single recommendation for the deletion of a single project. So far as specialized agencies are concerned, it is apparent that coordination can be achieved more effectively by the Administrative Committee on Coordination (a standing body composed of the Secretary General of the U.N. and the Directors General of all the specialized agencies), by day-to-day contacts between the secretariats of the U.N. and the agencies, and by governments themselves on a national level, rather than by the Council. The practical role of the Council is to apply continuous pressure to prevent overlapping, duplication and proliferation. So far as the commissions of the Council are concerned, the Council can and should exercise more control. This can be done by reviewing carefully the tasks assigned to the commissions, and by having the commissions themselves, in drafting their programmes, indicate the relative importance of individual projects.

20. The item on the re-organization of the Council and its commissions was discussed in detail both in the Coordination Committee and at plenary meetings of the Council. There was a wide divergence of views on almost every aspect of this question and as a result it was impossible to reach general agreement on any radical changes in organization or structure. The Council's final decisions fall far short of basic reorganization but they do provide for elimination of some of the subsidiary bodies and for less frequent sessions of others and they should bring about more business-like methods in the operation of the Council itself. The Economic Employment and Development Commission, the Sub-Commissions on Freedom of Information, on Prevention of Discrimination and Protection of Minorities and on Statistical Sampling are to be discontinued. All other commissions except Human Rights and Narcotic Drugs, are to meet, normally, every second year instead of annually as hitherto.

21. During the discussion on this item, a good deal of time was devoted to the problem of the waste of time caused by unnecessary duplication of debate. The question arose out of a proposal submitted by the Canadian Delegate, and subsequently withdrawn in the face of strong opposition, to limit the length of statements for the final period of the Session. The issue was referred to the Coordination Committee to consider in relation to the whole problem of the re-organization of the Council. Various suggestions were made, aimed at restricting repetition of debate, but although the final text of the resolution submitted to the vote was mild and reasonable, it was defeated both in Committee and in the Council by a very close vote. Several of the delegations which opposed the motion made it clear that they were sympathetic to the objective but that they could not support the proposed procedure which they interpreted to impose limitations on freedom of speech. The failure of this attempt to reduce by even a small percentage the fruitless and time-consuming repetition of debate in the Council was discouraging. It is, of course, possible that the very discussion of the matter and the strong stand taken by the leading Western countries may persuade the more verbose non-communist members to exercise self-discipline but it would be the height of optimism to expect much along this line.

3e PARTIE/PART 3

OFFICE DE SECOURS ET DE TRAVAUX DES NATIONS UNIES POUR LES REFUGIÉS DE PALESTINE
UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

251. DEA/10170-C-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 66 Ottawa, January 12, 1951

CONFIDENTIAL

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

Following for Mr. Pearson from Heeney, Begins: Reference paragraph 2 of teletype No. 3 of January 3, 1951,† from the Permanent Representative regarding the Negotiating Committee on Contributions to Korean Relief and Palestine Refugees.

1. You will recall that on December 9, 1950, you decided to delay the submission of the Memorandum to Cabinet on a further Canadian contribution for Palestine refugees until a paper on general external air policy could be presented. We have in the meantime been carrying on discussions with the Department of Finance. In informal discussions members of the Department have had with Deutsch and Pol-

lock there was tentative agreement on the terms of a Memorandum to Cabinet requesting a contribution of $750,000 for the period of January 1, 1951 to June 30, 1951, and $1,250,000 for the period of July 1, 1951 to June 30, 1952, the larger part of this latter sum to be contributed solely to the Re-integration Fund for permanent resettlement. Clark, (quite rightly I think) is inclined to take a cautious view, particularly in the absence of his Minister. He points out that, in face of the large additional requirements for defence and under federal-provincial agreements, Ministers are bound to look narrowly at appeals for relief and assistance abroad. He welcomes, however, the approach to the general problem by means of an estimate of external aid in general. He is interested in the "community chest" principle.

2. We are pressing forward consideration of a general external aid policy, but there are far-reaching considerations involved and it is unlikely that a satisfactory memorandum on this subject could be ready for Cabinet in the next week or two. I think, therefore, that we should probably put forward the Palestine relief question separately and as soon as convenient to you. We should give an answer as soon as possible to the Negotiating Committee, which has for some weeks been consulting member states on their contributions and pressing them for firm commitments. In all fairness to Kennedy we should assist in giving him at an early date an indication of the amount which he will have at his disposal if we are to expect him to plan the long-range programmes which we have urged.

3. The general memorandum will be concerned with laying down a system of priorities on contributions Canada may be called upon to make in the future. The Palestine memorandum, on the other hand, will deal with a specific request to which Canada is partially committed through the Government's decision of June 12, 1950, to consider sympathetically a further request for $750,000 for the period of January 1, 1951, to June 30, 1951.

4. I am sending this by teletype in case you have to remain in New York over the week-end. If you return tomorrow I shall not of course expect a reply until I see you. Ends.

252. DEA/10170-C-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], January 18, 1951

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

I refer to our conversation of January 15 on the above subject, and have set forth below, as requested, the pros and cons of having Palestine relief dealt with separately by Cabinet, or alternatively, of having it considered as part of the general paper on Canadian external assistance now in preparation in the Department.

Reasons Why the Question Should be Dealt With Separately by Cabinet

1. Dealing with it separately would mean dealing with it sooner, since the general paper will not be ready for your consideration for another ten days, and by Cabinet for some time after this. Speed would be an advantage in view of our commitments (see below para 3).

2. Parliament meets on January 30. If the matter is dealt with now, it would probably be possible to consider it more objectively and on its merits. If it had to be discussed after the session had started, it is possible that extraneous domestic political considerations might affect the discussion.

3. The Canadian Government is already at least half committed to finding additional funds because of the following:

(a) The Cabinet decision of July 12 which states that if the initial sum of $750,000 has been used up by December 31, 1950, and if General Kennedy requires more funds "the Canadian Government would give sympathetic consideration to a request for a further sum of $750,000".

(b) General Kennedy has already made such a request in a telegram of January 2, 1951.†

4. General Kennedy is a Canadian, and it would perhaps be regarded as unfortunate if Canada appeared to be unduly hesitant in supporting his request.

5. The bulk of the money will be spent in Canada for the purchase of Canadian goods.

6. Canada is a member of the Negotiating Committee for Korea and Palestine refugees. Since this committee is engaged in asking other governments to give funds, it might be thought that Canada should itself set an early example in this regard.

7. Early and sympathetic consideration of General Kennedy's request would be a gesture that would gain for us the goodwill of the independent Arab world, with its seven members of the United Nations, its population of 45 million, and its strategic position on the "marches" of the Western world.

8. The Department of Finance has already agreed informally to put forward a tentative scheme asking Cabinet to authorise a contribution of $750,000 for the period January 1, 1951 to June 30, 1951; and of $1,250,000 for the period July 1, 1951 to June 30, 1952, subject to certain reservations.

Reasons Why the Question Should be Dealt With as Part of the General Paper on Canadian External Assistance

1. Having Cabinet deal piecemeal with individual requests is unsatisfactory, since the intermittent recurrence of items similar to Palestine relief might well produce in Cabinet a sense of exasperation, especially at a time when an interest in defence is paramount.

2. The presentation of Palestine relief as one part of a general program of Canadian external assistance would, in the long run, enable Cabinet to put the entire question on a stable financial and policy basis. It would set both upper and lower

limits to Canadian contributions which would probably not be disturbed for a full year, with resultant advantages to both the donor and the recipient country.

3. If Palestine relief is discussed while Parliament is in session, a more accurate assessment of public and House support for this kind of contribution would be forthcoming. Action might then be taken on a somewhat more realistic basis.

4. Since at this time almost all expenditures which do not bear directly on the defence effort are likely to be viewed askance, there might be an advantage in discussing the whole question of international relief in relation to our defence commitments. A corollary to such discussion would be that once a specific overall contribution were agreed to, it would not be a target for criticism.

5. No funds are at the moment available, and supplementary estimates would have to be passed if Palestine relief were carried as a separate item.

6. Having Cabinet deal piecemeal with individual requests puts an unfair burden of responsibility on this Department.

A.D.P. H[EENEY]

253. DEA/10170-C-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], February 3, 1951

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

I refer to my memorandum of January 18 setting forth the pros and cons of having Palestine Relief dealt with separately by Cabinet or deferred and considered as part of the general programme on external assistance, a paper on which has recently been prepared in the Department.[44]

2. We are reminded by the Finance Division that the item of $750,000 for use in the period January 1 to June 30, 1951 must, if it is to be voted, be included in the supplementary estimates for 1950-51.

3. We are also reminded that the item of $1,250,000 for use in the period July 1, 1951 to June 30, 1952, must be included in the final estimates for 1951-52, which will shortly be closed.

4. In the light of the above considerations I should be grateful for your decision as to whether Palestine relief should be considered now as a separate item, in order that the necessary financial submissions may be made.[45]

A.D.P. H[EENEY]

[44] Voir le document 273./See Document 273.

[45] Note marginale :/Marginal note:
Minister to take up [in] Cabinet *Wednesday*, Feb 7 A.D.P.H[eeney] Feb 5.

DEA/10170-C-40

254.

Le sous-secrétaire d'État aux Affaires extérieures au directeur de l'Office de secours et de travaux des Nations Unies pour les refugiés de Palestine

Under-Secretary of State for External Affairs to Director, United Nations Relief and Works Agency for Palestine Refugees

Ottawa, March 9, 1951

Dear General Kennedy,

I should like to acknowledge your letter of February 14† as well as your subsequent telegram of March 8† in which you emphasized the difficulties your Agency would experience in initiating even a modest reintegration programme, unless the contributions pledged on a conditional basis for the period of January 1 to June 30, 1951 were made available to you, either in cash or kind, at the earliest possible date.

2. You will be glad to learn that Cabinet, on February 21, agreed to a further Canadian appropriation of $750,000 for the Relief and Works Agency.[46] This appreciation will be submitted to Parliament before the end of the current fiscal year as part of the final supplementary estimates for 1950-51. It is our intention, as soon as parliamentary approval of the Canadian contribution to UNRWAPR has been secured, to transfer the funds appropriated to the Canadian Commercial Corporation for the account of your Agency.

3. I am not in a position, at the moment, to indicate what contribution the Canadian Government might decide to make to the reintegration programme authorized by the General Assembly on December 2, 1950. The Government is, of course, aware of the extent to which a restoration of political stability in the Middle East depends upon a speedy and permanent solution of the refugee problem. It has also noted with satisfaction the recent decision of the Arab League calling upon member governments to co-operate with the appropriate United Nations agencies in dealing with this problem and to consider the resettlement of the Palestine refugees in the Arab countries as a matter of urgency. In view of these developments I agree that it would be unfortunate if, for lack of financial resources, no more than a shadow programme could be undertaken at this stage.

4. At the same time, you will appreciate the fact that any decision reached by the Government in respect of a further contribution to the Relief and Works Agency will have to be made in the light of the total funds which Canada may be called upon to provide for external relief and development. Moreover we shall, no doubt, have to take into consideration the response of other countries in a position somewhat similar to that of Canada. If these countries can be persuaded to assume a substantial share of the financial responsibilities entailed by the reintegration pro-

[46] Voir le document 180./See Document 180.

gramme, and if the total pledged contributions are sufficient to guarantee the successful initiation of such a programme, the Canadian Government would be in a better position to give sympathetic consideration to submitting to Parliament, before the end of the present Session, an appropriation for a reasonable Canadian contribution.

Yours sincerely,
A.D.P. HEENEY

255. DEA/10170-C-40

Note du chef par intérim de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Acting Head, United Nations Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 29, 1951

CANADIAN GOVERNMENT CONTRIBUTION TO RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES

You will recall that, on December 2, 1950, the General Assembly adopted a resolution authorizing UNRWAPR to set up a $20,000,000 fund for the contribution of direct relief for the period July 1, 1951 to June 30, 1952, and a reintegration fund of $30,000,000 for the permanent re-establishment of the refugees and their consequent removal from relief. The Canadian Delegation supported this resolution on the distinct understanding that the extension of further international assistance to the Arab refugees would be designed to facilitate their final transition to permanent reintegration in the economy of the area, whether this be achieved by resettlement in the Arab countries or by repatriation to the territory now under the jurisdiction of Israel.

2. There can be little doubt that the restoration of political and economic stability in the Middle East depends, to a substantial degree, on a final solution of the Arab refugee problem. The solution of this problem might, in due course, pave the way for a reconciliation between the Arab States and Israel. For the moment, however, the provision of international aid for the reintegration of the refugees would at least have the effect of ensuring the progressive elimination of a problem for the genesis of which, in the view of the Arab States, the Western democracies bear a major responsibility, and which has, to some degree, stood in the way of an effective alignment of the Arab States with the other free nations of the world.

3. The political outlook for a settlement of the Arab refugee question is exceedingly favourable at the moment. During the course of its meetings in the early part of this year, the Political Committee of the Arab League decided to call upon member governments of the League to co-operate with the appropriate agencies of the United Nations in dealing with the refugee problem, and to regard the resettlement of the refugees in the Arab countries as a matter of urgency. The Government of Israel, for its part, has reaffirmed its willingness to pay fair compensation for

lands abandoned by the refugees. In these circumstances it would be particularly unfortunate if, for lack of funds with which to implement reasonable reintegration projects, the Relief and Works Agency should be precluded from taking advantage of the broad acceptance of the principle of refugee reintegration.

4. The Agency is, in fact, proceeding with its plans for agreements with a number of Arab governments on the assumption that the necessary funds will be forthcoming to finance various reintegration projects which are at present the subject of discussions between the Agency and the governments of Egypt, Jordan and Syria. These projects include the resettlement of approximately 50,000 refugees in the Sinai Peninsula on the basis of proposals submitted by the Egyptian Government, as well as a large housing construction programme at Amman, the capital of Jordan. The Agency is also exploring the possibility of resettling some of the refugees in Libya, and the French authorities in North Africa have agreed, in principle, to accept for repatriation and care for several hundred refugees of North African origin.

5. The Canadian Government has not thus far indicated to the Negotiating Committee on Contributions to Programmes of Relief and Rehabilitation what contribution, if any, it might be prepared to consider for the 1951-1952 relief and reintegration programme for Palestinian Arab refugees. As you will recall, General Kennedy, the State Department and the Foreign Office have recently approached us to ascertain the probable level of our contribution. Mr. Bevin, in fact, suggested in his letter of January 24† that, on the basis of our assessment for the apportionment of United Nations expenses, an appropriation of $1,650,000 might not represent an unreasonable share for Canada to assume.

6. In replying to these approaches we have pointed out that any further Canadian contribution to the Relief and Works Agency would be contingent upon (1) the continued co-operation of the Arab States and (2) a broader response to the Agency's appeal for funds on the part of countries in a position comparable with that of Canada. In this latter respect the prospects are not encouraging. The report of the Negotiating Committee, dated January 26, shows that, apart from the United States and United Kingdom pledges of $25,000,000 and $8,000,000 respectively, twelve other member states of the United Nations promised no more than an aggregate total of $882,000. We understand that both the United States and the United Kingdom would now be prepared to consider increasing their initial offers, provided that a more generous response on the part of other countries ensured the full realization of the Agency's goal of $50,000,000.

7. In the light of the political considerations outlined above and more especially in view of the emphasis which we have consistently placed in the General Assembly upon a final solution of the Arab refugee problem, I wonder if we might not now submit to Cabinet a recommendation for a Canadian Government contribution to the Relief and Works Agency's 1951-1952 programme. If you concur in this course of action, I assume that the necessary memorandum to the Cabinet should be drawn up in time for this item to be included in the supplementary estimates for the current fiscal year which, I understand, will come up for consideration by Parliament some time in the middle of June.

8. An equitable Canadian contribution to the $50,000,000 programme might be related to Canada's share in the regular budget of the United Nations, which is 3.3%. Although this percentage would point to a contribution of $1,650,000, we might recommend that, in view of our increasing commitments for similar programmes in other parts of the world, the Canadian contribution be tentatively set at a maximum of $1,250,000 in Canadian funds. This figure, which would represent approximately 3.3% of the total contributions to the programme pledged to date, was provisionally agreed to by Messrs. Deutsch and Pollock of the Department of Finance last December, when a member of this Division discussed the proposed level of a Canadian contribution to the 1951-52 relief and reintegration programme with them. Despite the General Assembly's decision to the effect that the $50,000,000 programme be divided between reintegration and relief in the ratio of 60:40, Messrs. Deutsch and Pollock insisted that our contribution should be allocated to the Relief and Works Agency in the ratio of 80:20. They considered that such a division of funds would be no more than appropriate in the light of our firmly expressed and frequently reiterated view that the relief functions of the Agency should be progressively reduced and that international assistance should be applied to the permanent re-establishment of the refugees.

9. If you agree with the substance of these recommendations, you may wish this Division to prepare a memorandum to the Cabinet in consultation with the Economic, European and Finance Divisions and the Department of Finance.

G.C. MCINNES

256. DEA/10170-C-40

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

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

SECRET [Ottawa], May 30, 1951

CANADIAN CONTRIBUTION TO THE REINTEGRATION FUND OF UNRWAPR, FOR THE PERIOD JULY 1, 1951 TO JUNE 30, 1952

The attached draft of a submission to Cabinet for a Canadian contribution to the Reintegration Fund of UNRWAPR, for the coming operating year, July 1, 1951 to June 30, 1952, is submitted for your consideration and comments.

You may perhaps think that the figure of $250,000 which we suggest is too low and that we should set our sights higher. Our reasons for suggesting the low figure are as follows:

(a) the reluctance of the Department of Finance to concur in our second contribution of $750,000 to UNRWAPR relief, and their statement that "Cabinet's authorization for this contribution ought to be conditional upon the Agency securing contributions from others, as well as the relatively few countries which have already contributed, and that what we contribute for the whole year ending next

June should not be disproportionate to actual collections, as well as to the general plan of contributions that was originally considered."

(b) the poor showing to date in pledged contributions to the Reintegration Fund of countries other than the United Kingdom, the United States, France and Israel, who have no direct interest in this problem; i.e. countries comparable to Canada.

The suggested sum of $250,000 would be more than twice as great as the next largest contribution of $110,000, from Mexico, and it would be more than half of the total contributions of the countries mentioned in paragraph 2(b) above. However, should you consider that the climate is now more favourable for seeking Cabinet approval of a larger contribution, I should be grateful for your comments in order that we may redraft this submission accordingly.[47]

A.D.P. H[EENEY]

P.S. I think myself that you are not in a very strong position to recommend any further contribution because of the failure of other governments to come forward and because of our relatively large contributions previously — unless further contribution from us is made conditional on comparable contributions from others.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Projet de soumission pour le Cabinet

Draft Submission to Cabinet

SECRET

[Ottawa], May 30, 1951

RE CANADIAN CONTRIBUTION TO THE REINTEGRATION FUND OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES FOR THE PERIOD JULY 1, 1951 TO JUNE 30, 1952

During the past year the Canadian Government has contributed $1,500,000 (Candn) to UNRWAPR for purposes of direct relief. The Secretary General of the United Nations in a note dated May 21, 1951, now informs the government that a contribution from Canada is most urgently needed for the reintegration programme of UNRWAPR. He characterizes the programme as an "acute emergency operation".

2. The response, in the past year, of those nations which like Canada, have no direct interest in the problem of Palestinian refugees, to the appeal of the Director-General of UNRWAPR for contributions, has been disappointing. Contributions in U.S. dollars, promised by governments for the period ending June 30, 1951, amounted to $37,927,600. $27,450,000 was contributed by the United States, $6,160,000 by the United Kingdom, $2,856,000 by France and, of the balance of $1,461,600, $690,000 was contributed by Canada. Contributions in kind for the

[47] Note marginale :/Marginal note:
U.N. Div[ision] where are we being pressed? by whom? & how? Memo for Minister please returning this one with it A.D.P.H[eeney]. June 2.

same period amounted to $921,441.00, of which flour and dried codfish to the value of $735,000 were provided by Canada. Direct aid and services to UNRWAPR, anticipated from Middle East governments, for the same period, amounted to $1,127,876.

3. Although substantial progress has been made in the past three years in alleviating the plight of Arab refugees in Palestine, their situation remains deplorable. Apart from obvious humanitarian considerations, unless positive action is taken to integrate the lives of these unfortunate people into the surrounding Arab states, a situation will continue to exist which can only lead to anarchy and confusion in this strategic area.

4. The present outlook for a settlement of the Arab refugee question appears more hopeful than it has in the past. During the course of its meetings in the early part of this year, the political committee of the Arab League decided to call upon member governments of the League to co-operate with the appropriate agencies of the United Nations in dealing with the refugee problem, and to regard a settlement of the refugees in the Arab countries as a matter of urgency. The Government of Israel, for its part, has re-affirmed its willingness to pay fair compensation for lands abandoned by the refugees. In these circumstances, it would be unfortunate if, for lack of funds with which to implement reasonable reintegration projects, the Relief and Works Agency should be precluded from taking advantage of the broad acceptance of the principle of refugee reintegration.

5. The agency is now proceeding with its plans for agreements with a number of Arab governments on the assumption that the necessary funds will be forthcoming to finance the various reintegration projects.

6. The United States and the United Kingdom, the two largest contributors, have indicated that they would donate a *minimum* of $25,000,000 and $8,000,000 respectively. The Canadian High Commissioner in London informs us that the United Kingdom is prepared to increase its contribution from $8,000,000 to $9,000,000, provided that the United States Government is prepared to increase its contribution from $25,000,000 to $27,000,000. The United Kingdom government further states that it is also prepared to make an additional increase to bring its contribution up to $10,000,000 provided that:

(a) the United States increase their contribution to $30,000,000;

(b) the major contributors (apart from the United Kingdom and the United States) improve on their last year's contribution; and

(c) some other governments which have not so far contributed make offers.

The Canadian ambassador in Washington has been informed by the State Department that the United States is now prepared to include in its Economic Assistance Bill an amount of $50,000,000 as the United States contribution to UNRWAPR.

7. Contributions by member states, other than the United States and the United Kingdom are as follows:

Member States	
Denmark	$ 53,000
Egypt	390,000
France	2,856,000
Greece	50,000
Honduras	2,500
Indonesia	30,000
Israel	50,000
Lebanon	33,000
Luxembourg	2,000
Mexico	110,000
Norway	14,000
Pakistan	90,000
Philippines	10,000
Saudi Arabia	115,000
Sweden	20,000
Syria	60,000
Venezuela	20,000
Yemen	(large quantity of cereal)
Southern Rhodesia	19,600

8. The total contributions offered to date thus amount to $36,925,100. When the United States contribution is raised from $25,000,000 to $50,000,000 and the United Kingdom from $8,000,000 to $10,000,000 the resulting sum of $63,925,100 will be considerably more than the Agency goal of $50,000,000.

9. In the light of these considerations, *it is recommended that,*

(1) Parliamentary approval be sought for an initial contribution in Canadian dollars of $250,000 for the reintegration fund of UNRWAPR, for the period July 1, 1951 to June 30, 1952;

(2) authority be granted to inform the United Nations Negotiating Committee that Cabinet will seek Parliamentary approval in January, 1952 for a further appropriation provided that, during the intervening period the contributions of countries other than the United Kingdom, the United States, France and Israel show a reasonable increase. If this occurs, and the total contributions from such countries amount to $3,000,000, Canada will give another $250,000; if $4,000,000, another $500,000; if $5,000,000, another $750,000. At the $5,000,000 level our total contribution would be $1,000,000.

257. DEA/10170-C-40

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

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

[Ottawa], June 11, 1951

CANADIAN CONTRIBUTION TO THE RELIEF AND REINTEGRATION PROGRAMME OF UNRWAPR

I return, as requested, my memorandum to you of May 30. You will recall that, when we discussed this memorandum, you asked me to let you know where we were being pressed, by whom, and how.

2. In a note dated May 21, 1951,† the Secretary General of the United Nations has reminded the Government that the operational year of UNRWAPR will begin on July 1, 1951. He states that it is most urgent that our contribution be made available "at the earliest possible date", and he expresses the hope that appropriate legislative action by the Government will "make such early payment feasible". He characterizes the programmes of both UNKRA and UNRWAPR as "acute emergency operations".

3. As you know, the Government has already contributed $1 1/2 million to the current Relief and Works Programme of UNRWAPR, which will terminate on June 30 of this year. Response to this programme from countries comparable to Canada, and with no direct interest in the problem of Palestine refugees, was disappointing and, in fact, the Canadian contribution equalled the total contributions of these countries.

4. You will recall the reluctance of the Department of Finance to concur in our second contribution of $750,000 to UNRWAPR. They stated that "Cabinet's authorization for this contribution ought to be conditional upon the agency securing contributions from others, as well as the relatively few countries which have already contributed, and that what we contribute for the whole year ending next June should not be disproportionate to actual collections, as well as to the general plan of contributions that was originally considered" (Letter from Mr. R.B. Bryce, Department of Finance, dated December 9, 1950).

5. To date the showing in pledged contributions to the Relief and Reintegration Programme of countries other than the United Kingdom, the United States and France, has been poor. I am therefore inclined to doubt whether we are in a strong position to recommend any further contribution, both because of the failure of the governments of countries comparable to Canada to come forward, and because of our previous relatively large contributions.

6. I therefore attach for your comments or approval a draft of a note to the Secretary General in reply to his note of May 21, 1951. Our reply states that, while we appreciate the urgency of his request, he is no doubt aware of our previous contri-

butions, which are equal to those of all other countries save the United States, the United Kingdom and France. We further state that evidence of a more equitable distribution of the financial burdens which will be incurred in the implementation of the forthcoming programme will have a definite bearing on any decision as to a further contribution which may be reached by the Canadian Government.

7. On the other hand, should you consider that the time is now ripe to ask Cabinet for a contribution to the Relief and Reintegration Programme, I should be grateful for your instructions. Our previous suggestion, as set forth in the draft memorandum to Cabinet of May 30, was that we give $250,000 immediately, and that if, between now and January 1952, countries comparable to Canada were to increase their contributions, our own contribution might be increased on a pro rata basis.

A.D.P. HEENEY

DEA/10170-C-40

258.

Le secrétaire d'État aux Affaires extérieures au secrétaire général des Nations Unies

Secretary of State for External Affairs to Secretary General of United Nations

LETTER NO. 35

Ottawa, June 20, 1951

Sir:

I have the honour to acknowledge your note SD 34/2/01 of May 21, 1951,† in which you bring to my attention the report (A/1601) of the Negotiating Committee on contributions to programmes of Relief and Rehabilitation in Korea and Relief and Reintegration of Palestine Refugees. I note that this report reflects the present status of fund raising efforts for the two programmes, and I am grateful to you for drawing my attention to the fact that the report notes the confirmation of the Government of Canada's offer to the United Nations Korean Reconstruction Agency, and to the fact that the funds have already been deposited to the special account under your jurisdiction.

2. You indicate that it is your understanding that the matter of continued support for Palestine refugees is under consideration by the Government of Canada, and you inform me that, as the operational year of the United Nations Relief and Works Agency for Palestine Refugees will begin on July 1, 1951, it is most urgent that a Canadian contribution be made available at the earliest possible date.

3. As you are aware, a Canadian contribution of $1,500,000 has already been made to the Relief and Works Programme of the United Nations Relief and Works Agency for Palestine Refugees, which will terminate on June 30. At the same time, the Government of Canada has been disappointed by the lack of support for the current programme from countries other than the United States, the United Kingdom and France. You will have noted that the Canadian contribution of $1,500,000 exceeds the total contributions from all other countries, exclusive of the United States, the United Kingdom and France.

4. Before considering a contribution to the Relief and Reintegration Programme for the year 1951-52, the Government of Canada is strongly of the opinion that a more equitable distribution of the financial burdens which will be incurred in its implementation should be assured. The Government of Canada's disposition to continue its support of this great humanitarian enterprise, can hardly be divorced from its concern at the lack of equivalent support from countries with an interest in the Reintegration Programme comparable to that of Canada. I therefore note with particular satisfaction that you yourself, as Secretary General, will continue to press for universality of participation and speed in coming to the support of this programme.

5. As you are aware, any expenditure of public monies requires the approval of Parliament. When Parliament meets again in October I assure you that the question of a Canadian contribution to the Relief and Reintegration Programme will receive sympathetic examination. May I venture to add that the considerations outlined in my previous paragraph will undoubtedly weigh heavily with the Government of Canada in determining its decision in the matter.

6. Please accept, Sir, the renewed assurances of my highest consideration.

A.D.P. HEENEY
for Secretary of State
for External Affairs

4e PARTIE/PART 4

PROGRAMME ÉLARGI D'ASSISTANCE TECHNIQUE DES NATIONS UNIES
UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM

259. DEA/11038-11-40

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 24, 1951

CONTRIBUTIONS FOR TECHNICAL ASSISTANCE PROGRAMMES

I should be grateful if you could bring this matter to the attention of your colleagues for their consideration at the Cabinet meeting tomorrow morning. The text of the memorandum has been shown to Mr. Deutsch of the Department of Finance who will acquaint Mr. Abbott with its contents before the Cabinet meeting.

If the memorandum meets with your approval I shall have mimeographed copies done for Cabinet.

E. R[EID]
for A.D.P. H[eeney]

[PIÈCE JOINTE/ENCLOSURE]

Projet de Note pour le Cabinet

Draft Memorandum to Cabinet

CONFIDENTIAL

Ottawa, October 25, 1951

CONTRIBUTIONS FOR TECHNICAL ASSISTANCE PROGRAMMES

On June 12, 1950, Cabinet approved a contribution by Canada of $850,000 to the United Nations Expanded Programme for Technical Assistance for the first financial period of eighteen months ending December 31, 1951. At the same time Cabinet approved a contribution of $400,000 for the first twelve-month period of the operation of the Colombo Programme for Technical Co-operation, on the understanding that the greatest effort should be made to avoid duplication between the Colombo and the United Nations programmes and to coordinate the activities of the two programmes.

2. Canadian participation in both the technical assistance programmes is being co-ordinated by the new International Economic and Technical Co-operation Division in the Department of Trade and Commerce under Mr. R.G. Nik Cavell. This Division receives direction from the Interdepartmental Group on Technical Assistance on which the various Departments concerned are represented.

3. In order to plan Canadian participation in the Colombo Programme for Technical Co-operation beyond the end of the present fiscal year, it is necessary to have assurance now that a contribution for the next fiscal year will be included in the main estimates for next year.

4. The Secretary General of the United Nations has requested that the delegations of member states to the forthcoming General Assembly be prepared to pledge contributions for the year 1952 for the United Nations Expanded Technical Assistance Programme. The Economic and Social Council has expressed the opinion that in the light of the estimates for expenditure for the year 1952 it would be reasonable to ask Governments to contribute for the year 1952 amounts equal to or greater than the contributions which they made for the previous eighteen month period.

5. I therefore recommend:

(1) that the Canadian Delegation to the forthcoming General Assembly be authorized to pledge an amount up to $850,000 as the Canadian contribution to the United Nations programme for the year 1952. The extent of the Canadian contribution should depend on the amounts which other countries are pledging and on whether the Delegation is fully satisfied with the nature of the United Nations Expanded Technical Assistance Programme for 1952;

(2) that approval be given in principle to a second contribution of $400,000 towards the operation of the Colombo Programme for Technical Co-operation, this amount to be inserted in the main estimates for the fiscal year 1952-53.[48]

5e PARTIE/PART 5

FONDS DES NATIONS UNIES POUR L'ENFANCE
UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

260. 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. 100-51 Ottawa, April 11, 1951

CONFIDENTIAL

CANADIAN GOVERNMENT CONTRIBUTION TO THE UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

I had not intended to bring this proposed contribution before Cabinet at the present time. However, I am informed by the Minister of Fisheries that the Fisheries Prices Support Board is anxious to dispose of a balance of 27,000 quintals of Labrador fish.

2. An enquiry of UNICEF indicates that that agency can dispose of 460 short tons immediately for Yugoslavia and/or Greece and possibly 340 additional short tons at a later date (a total of 800 tons, or approximately 14,286 quintals). UNICEF hopes to be able to arrange shipping on April 17 for 460 tons if the gift is approved. The 460 tons have a cost under the price guarantee of approximately $120,000, dried, packed, and ready for shipping f.a.s. dockside St. John's. The further 340 tons would cost approximately $90,000, or a total of $210,000.

3. Under these circumstances I think it may perhaps be wise to consider, in conjunction with the gift of fish, what other gift in cash the Canadian Government might appropriately make to UNICEF during the current fiscal year.

4. The General Assembly, at its Fifth Session, decided to extend the life of UNICEF for a further three-year period. Although there is to be an increasing shift of emphasis in the activities of the Fund towards technical assistance to national governments to help them develop and maintain their own programmes of child

[48] Note marginale :/Marginal note:
U.N. Div[ision] The Cabinet secretariat inform me that Cabinet concurred yesterday in the recommendations. We should inform the committee at its next meeting. I have told Mr Cavell & Mr Heasman E. R[eid] Oct 26/51.

welfare, there remains a need for supplies of foodstuffs to carry out supplementary feeding programmes in certain areas.

5. The most recent Canadian Government contribution to UNICEF was in April 1950, when dried fish to the value of $600,000 ($546,000 U.S.) was donated to the Fund.

6. During the calendar year 1950 a total of $4,171,000 was given by a total of thirty countries, excluding the United States. Major contributions were as follows:

	U.S.
Australia	560,000
Canada	546,000
Germany	120,000
Japan	150,000
Thailand	313,000

The United States, during the same year, contributed the sum of $4,754,000.

Since the beginning of the calendar year 1951 contributions have been made by the following countries:

	U.S.
France	500,000
United Kingdom	280,000
Yugoslavia	200,000

Moreover, the Supplementary Relief Bill recently submitted to the United States Congress includes an item of $12.5 million for UNICEF. This amount has been cut to $5 million by the House, but may later be restored by the Senate to the original figure. The Bill provides for the funds to be used on the same matching basis as the former United States contribution, namely, $72 (U.S.) for each $28 from other governments. It is possible that Congress will limit its appropriation to the total necessary to match other contributions received or guaranteed up to the date on which Congress approves the Bill. Since the authorization for a United States contribution expires at the end of their fiscal year, June 30, 1951, an immediate Canadian contribution will not only be useful in itself, but will probably ensure a matching contribution from the United States appropriation.

7. An appropriate Canadian Government contribution to UNICEF for 1951, both in terms of the proposed United States contribution and in relation to those of other countries, might be $500,000.

Recommendation

8. It is recommended that Parliamentary approval be sought in the Supplementary Estimates for 1951-52 for a Canadian Government contribution to UNICEF of $500,000, this amount to include a maximum of $210,000 for the purchase of Labrador fish.[49]

L.B. PEARSON

[49] Approuvé par le Cabinet, le 13 avril 1951./Approved by Cabinet, April 13, 1951.

6e PARTIE/PART 6

CONVENTION DES NATIONS UNIES SUR LE STATUT DES RÉFUGIÉS ET DES APATRIDES
UNITED NATIONS CONVENTION ON REFUGEES AND STATELESS PERSONS

261. 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. 178-51 Ottawa, June 14, 1951

RESTRICTED

On July 18, 1950, Cabinet authorized the Canadian Delegation to the Economic and Social Council to support, in general terms, the United Nations draft Convention on Refugees and the Protocol on Stateless Persons. Since that time, the Convention and the Protocol have been examined further by both the Economic and Social Council and the General Assembly. At its Fifth Session, the General Assembly decided to convene a Conference of Plenipotentiaries to complete the drafting of and to sign both the Convention and the Protocol. This Conference will take place in Geneva commencing on July 2 and it is the purpose of this memorandum to seek Cabinet approval of Canadian participation in the Conference including the signing of the resultant Convention and Protocol on behalf of the Canadian Government.

2. The purpose of the Convention is to guarantee to refugees the enjoyment of fundamental rights and freedoms without discrimination. The Protocol on Stateless Persons extends these rights to persons who are stateless, but who are not refugees.

3. The Convention, as it is drafted at the present time, has been examined carefully by the competent officials of my Department and of the Departments of Citizenship and Immigration, of Labour, and of National Health and Welfare. As a result of this examination, it appears to be possible for Canada to sign and subsequently ratify the refugee convention and protocol without making any changes in Canadian law. As a United Nations project designed to assist refugees and stateless persons to overcome the handicaps which they have suffered as a result of their present status which, in most cases, was brought about through no fault of their own, I believe that Canada should, if at all possible, sign the Convention and Protocol. This would be further evidence of Canada's support of the worthwhile humanitarian activities being carried out by the United Nations.

4. There are certain articles in the Convention which deal with public education, public relief, and social security. As these subjects are primarily the concern of the provinces of Canada, it is, of course, essential that the Convention include a federal

state clause before Canada could sign it. This matter will be under discussion at the July Conference.

5. The Convention includes a clause concerning the expulsion of refugees which makes it mandatory that states shall not expel a refugee "save on grounds of national security or public order". Because of the provisions of Sections 40 and 41 of the Immigration Act which provide for deportation of any person other than a Canadian citizen, or person having Canadian domicile, on a number of grounds, and a similar mandatory provision in the Narcotics and Drugs Act, it is believed that the Canadian Representative may have to make a reservation on this article at the time he signs the Convention unless the wording has been changed, or there is a clear understanding that "national security or public order" includes all of the grounds on which refugees may be deported from Canada in accordance with Canadian law.

6. The present draft of the Convention includes a clause stating that it shall not apply to a person who is recognized by the competent authorities of the country in which he has taken residence as having the rights and obligations which are attached to possession of the nationality of that country. The Canadian Representative might endeavour to secure agreement on an interpretation of this clause that would exempt Canada's landed immigrants from the application of the Convention. Canada accords refugees who come here for permanent residence the great majority of civic rights which are enjoyed by citizens and other residents. It would be desirable but not essential to have this agreement as, in any event, the signing of the Convention and Protocol would not necessitate any change in Canadian law or practice.

7. It is recommended therefore:

(a) That a Canadian Representative attend the Conference of Plenipotentiaries and be given authority to sign the Convention and the Protocol on behalf of the Canadian Government.

(b) That the Convention should not be signed unless it contains a satisfactory federal state clause.

(c) That a reservation be entered in respect to Article 27, para. 1, concerning the expulsion of refugees, unless the wording is clarified, or an understanding is reached that this will not affect Canadian law or practice.

(d) That the Canadian Representative endeavour to secure agreement on an interpretation of Article 1 (D) that would exempt Canada's landed immigrants from the application of the Convention.

(e) That the Canadian Representative should seek further instructions if any fundamental changes are made in the text of the Convention before it is opened for signature.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Note
Memorandum

RESTRICTED [Ottawa, n.d.]

UNITED NATIONS CONFERENCE OF PLENIPOTENTIARIES ON THE STATUS OF REFUGEES AND STATELESS PERSONS

During its Fifth Session, the General Assembly decided to convene, in Geneva, a Conference of Plenipotentiaries to complete the drafting of and to sign both the convention relating to the status of refugees and the protocol relating to the status of stateless persons. This Conference will take place in Geneva commencing July 2. Mr. Leslie Chance, Head of the Consular Division, will be the Canadian representative and he will be assisted by an officer from the Canadian Permanent Delegation in Geneva.

2. The convention which this Conference will consider was drafted in the first instance by an ad hoc committee of the Economic and Social Council. This committee held its first session at Lake Success in January and February 1950 under the chairmanship of Mr. Chance. It held its second session in Geneva in August 1950 and reported to the Fifth Session of the General Assembly. The Economic and Social Council, at its summer session in 1950, only discussed the clause determining what categories of refugees would come under the scope of the convention. The General Assembly also discussed this definition clause and recommended a compromise definition for the consideration of the Conference. The other clauses of the convention were not considered by the Assembly.

3. The refugee convention was designed to guarantee to refugees the enjoyment of fundamental rights and freedoms without discrimination. The purpose of the protocol on stateless persons is to extend the rights covered by the convention to persons who are stateless, but who are not refugees. The draft convention, as it now stands, covers a considerable number of rights which will be extended to refugees by those countries which decide to adhere to it. There are general articles such as the one on discrimination which states that no contracting state shall discriminate against a refugee within its territory on account of his race, religion, or country of origin, or because he is a refugee. There are other more specific clauses which, in some cases, call upon contracting states to grant refugees similar rights to those given to their own nationals, and in other cases, rights similar to those given to other aliens. Examples of these rights are those concerning the acquisition of property and leases and other contracts relating to property; rights concerning the protection of industrial property such as inventions, industrial designs, trademarks and trade names; rights of association; the right of free access to the courts of law; and the right to engage in wage earning employment and self-employment. Contracting states are asked to grant refugees the same rationing privileges as nationals and to treat them not less favourably than aliens in matters pertaining to housing. There are other clauses dealing with such matters as public education, public relief, labour

legislation and social security, freedom of movement, identity papers and travel documents.

4. The definition of refugee which the Assembly approved and which the Conference is free to accept, modify, or reject, represents a compromise reached by those countries which preferred a narrow category type definition and those which preferred a broad definition. Canada is in the latter category. In brief, the definition recommended by the Assembly, if adopted, would cover any person who, as a result of events occurring before January 1, 1951, is outside the country of his nationality or former habitual residence because of "well-founded fear of being persecuted for reasons of race, religion, nationality, or political opinions" and who is unable, or unwilling, to return to or to accept the protection of his former government. Among those excluded are persons having the rights and obligations of citizens in their countries of residence; those benefitting from other United Nations Agencies such as the Palestine refugees; war criminals; and persons guilty of non-political offences or acts contrary to United Nations principles.

5. The Canadian Delegation to the 1950 summer session of ECOSOC, on instructions which were approved by Cabinet, gave its general approval to the convention as it was then drafted. It is essential, from Canada's point of view, that a federal state clause be included because of the provisions of Articles 17 to 19 concerning public education, public relief and social security, which are primarily provincial matters. The federal aspects of social security have, of course, been examined by the Department of National Health and Welfare and there would not appear to be any conflict between them and the provisions of the Convention.

262. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 26, 1951

UNITED NATIONS; CONVENTION ON REFUGEES AND PROTOCOL ON STATELESS PERSONS

1. *The Minister of Justice*, referring to discussion at the meeting of June 20th, 1951, said it would be desirable to consider what the effect of the convention would be on possible deportation cases such as that of de Bernonville.[50] There did not appear to be other points of substance that need cause concern.

2. *The Minister of Citizenship and Immigration* pointed out that he had not had an opportunity to examine the convention himself and would like to do so before any definite decision were taken or instructions sent concerning the Canadian position.

3. *The Cabinet*, after discussion, agreed that:

[50] Voir/See Volume 14, Documents 783-788.

(a) Canada be represented at the conference to be held in Geneva beginning July 2nd, 1951, to complete the drafting of the Convention on Refugees and the Protocol on Stateless Persons; and,

(b) decision be deferred concerning instructions to be sent to the delegation pending further consideration of the Convention and Protocol by the Minister of Citizenship and Immigration.

...

263. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 29, 1951

...

UNITED NATIONS; CONVENTION ON REFUGEES AND PROTOCOL ON STATELESS PERSONS; CANADIAN PARTICIPATION

1. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of June 26th, 1951, thought it would be inadvisable for Canada to accept in their present form, articles 26, 27 and 28 of the draft Convention on Refugees. These articles prescribed certain automatic rights which were to be granted to refugees, legally or illegally admitted, and also prohibited the expulsion to territories where the life or freedom of refugees was threatened on grounds of race, religion, nationality or political opinion.

2. *The Cabinet*, after discussion, deferred decision on instructions to the Canadian delegation to the United Nations conference on refugees and stateless persons and agreed that a memorandum setting forth the views of the Minister of Citizenship and Immigration with respect to articles 26, 27 and 28 of the draft Convention on Refugees be communicated to the Department of External Affairs forthwith.

...

264. DEA/5475-EA-40

Le secrétaire d'État aux Affaires extérieures au secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs to Secretary, Permanent Delegation to European Office of United Nations

TELEGRAM 60 Ottawa, June 30, 1951

CONFIDENTIAL

Reference our despatch No. 252 of June 22, 1951.†

CONFERENCE ON REFUGEES AND STATELESS PERSONS

Following for Chance from Acting Under-Secretary, Begins: Cabinet has approved Canadian participation in the Conference, but has not yet approved signature of the Convention and Protocol on behalf of the Canadian Government. You will be receiving further instructions, probably in one week's time, which might include proposing amendments to Articles 26, 27 and 28, or making reservations on them. Articles 26 and 28 are worrying us, particularly as a reservation cannot be made on Article 28 unless Article 36 is amended.

2. For the time being, you should not give any indication that Canada will sign the Convention. At the same time, you should of course make it clear that the Convention must include a federal state clause. We hope to send you some guidance on this point next week. We have been told that Warren, the United States Representative, will not have authority to sign the Convention and might propose that the signing of the Convention by any country be delayed until next January. This would be satisfactory from our point of view.

3. If any important changes to Articles 1, 26, 27 and 28 or 36 are contemplated by other delegations, we would like to know about them immediately.

265. DEA/5475-EA-40

Le représentant permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 43 Geneva, July 3, 1951

CONFIDENTIAL

Reference: Your telegram No. 60.

CONFERENCE ON REFUGEES AND STATELESS PERSONS

Following for the Acting Under-Secretary from Chance, Begins: In view of your paragraph one I judged it wise to resist strong pressure to accept the chair. Denmark was, on my nomination, elected.

2. 26 countries have delegates. My impression is that most of them, including Austria and Germany, intend to sign. I learn that Warren has no authority to sign but I doubt that he could succeed in carrying out a proposal to delay signature until January.

3. I trust further instructions promised your telegram under reference may reach me soon as conference will be discussing article by article (in readiness ?). Some modification of Article 28 will undoubtedly be necessary. I hope, however, that you may shortly be able to tell me that the Cabinet will approve of the signing of the convention subject to amendment or reservation. Any turning back on our part now might create very unhappy situation. We have been regarded throughout as taking forward attitude, somewhat in contrast to that of the United States, concerning

whose signature there has always been doubt and in consequence some little undercurrent of feeling among other delegations. It would in addition, in my opinion, weaken seriously the job of the High Commissioner for Refugees with whom I hope to have some discussion tomorrow.

4. It is yet too early to reply to your paragraph 3 though the United Kingdom has definite anxieties on Clause 28.

5. No delegate has submitted a draft federal clause. You are doubtless familiar with previous efforts of the secretariat in this connection. I am discussing draft with Robinson of Israel who is the expert. Ends.

266. DEA/5475-EA-40

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

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

CONFIDENTIAL [Ottawa], July 4, 1951

As you know, at its meeting today, Cabinet will be considering again the United Nations Convention on Refugees and Stateless Persons. You will recall that Mr. Harris expressed some concern about several points in it at the last meeting.[51]

Colonel Fortier came to see me yesterday afternoon and on the basis of our discussion, we have drafted the attached telegram to Geneva which Colonel Fortier will be discussing with Mr. Harris, with a view to having it approved by Cabinet. A copy of my letter to Colonel Fortier is attached for your information.

E. R[EID]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Projet d'un télégramme d'instructions pour M. Chance à Genève

Draft Telegram of Instructions to Mr. Chance in Geneva

CONFIDENTIAL [n.d.]

Reference: My telegram No. 60 of June 30.

CONVENTION ON REFUGEES AND STATELESS PERSONS

The matter has been further considered by Cabinet. Cabinet is not willing at this time to give you authority to sign the Convention.

[51] Note marginale :/Marginal note:
Might include 4 cases of U.S. sentenced to jail and not yet picked up if escaped to Can[ada?] [G.K. Grande]

2. Under Article 28 as at present worded, it appears that Canada would be undertaking an obligation not to expel a communist, for example, to a country which has declared the Communist party illegal or which has passed a statute similar to the Smith Act under which leading United States communists have recently been sentenced to imprisonment. Canada is not willing to undertake such an obligation. In order that the Convention should not grant rights to communists or to other persons who believe in the destruction of fundamental human rights and freedoms, you should press for an amendment of Article I, paragraph E, sub-paragraph (b), by adding after "Article 14, paragraph 2" the words "or Article 30".

3. On Article 27, paragraph 1, you should endeavour to secure clarification of the wording "national security or public order" or an understanding that this language will not affect Canadian law or practice.

4. You should endeavour to have the Convention amended in such a way that it will not apply to landed immigrants in Canada. This might be done by amending Article I, paragraph D.

5. We are not certain of the meaning of the word "penalties" in paragraph 1 of Article 26. If the word "penalties" includes deportation, we would probably have to make a reservation to this Article since, as you know, we do issue deportation orders on the ground of illegal entry when it is impossible for us to produce the security evidence which is the real basis for deportation.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-ministre de la Citoyenneté et de l'Immigration

Acting Under-Secretary of State for External Affairs to Deputy Minister of Citizenship and Immigration

CONFIDENTIAL [Ottawa], July 4, 1951

Dear Colonel Fortier,

Following our meeting of yesterday afternoon, we have prepared a draft telegram to Mr. Chance in Geneva, which, if you agree, might be submitted to Cabinet for its approval. This is attached.

2. The difficulty about deporting United States communists would, I think, be overcome if Article I(E) (b) were amended by the addition of the words "or Article 30" after the words "Article 14, paragraph 2". Article 30 of the Declaration of Human Rights is attached for your information.

3. Cases like that of de Bernonville would, I think, be covered by Article 6 of the Charter of the International Military Tribunal. A copy of this is attached for your information.

4. Our draft telegram suggests that the meaning of the word "penalties" in Article 26, paragraph 1, should be ascertained; presumably if this is meant to cover deportations we would have to make a reservation before signing the Convention. However, if Mr. Chance is not to be given authority by Cabinet to-day to sign the

Convention, it would not seem to be necessary to give him more definite instructions on this point for the present.

5. I am sending a copy of this letter, together with a copy of the draft telegram to our Acting Minister and to Mr. Norman Robertson. I enclose an extra copy for your Minister.

6. I enclose a copy of telegram No. 60 of June 30 to Geneva giving Mr. Chance interim instructions, together with a copy of his reply (telegram No. 43 of July 3). You will note that Mr. Chance hopes that Cabinet will shortly give him authority to sign subject to amendment or reservation. Perhaps your Minister would wish to suggest to Cabinet that he be authorized in the light of developments at the Conference to give Mr. Chance authority to sign subject to necessary reservations.

Yours sincerely,

[E. REID]

267. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 5, 1951

...

UNITED NATIONS; CONVENTION ON REFUGEES AND PROTOCOL ON STATELESS PERSONS

4. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of June 29th, 1951, read a draft telegram of instructions to the Canadian representative at the U.N. conference now taking place on refugees and stateless persons. These indicated that authority could not be given to sign the Convention in its present form and outlined the objections there were felt to be, particularly to articles 26, 27 and 28.

(Memorandum, Acting Under-Secretary of State for External Affairs, with attached letter to the Deputy Minister of Citizenship and Immigration and draft telegram; July 4, 1951.)

A point to consider was that the Convention, if signed, would almost certainly give rise to misunderstanding as to its consequences. As it stood, the Convention was between the countries that were parties and did not confer any rights on individuals. There would, however, almost certainly be a general feeling that it did confer individual rights or, alternatively, that legislation should be passed giving parallel individual rights under domestic law.

5. *The Prime Minister* pointed out that there were currently four leading United States communists who had not turned up to begin serving sentences against them. It was conceivable that they could have taken refuge in Canada. The government could not place itself in a position where it would be obliged to allow such persons to remain in the country. In view of the improbability that modifications to the Convention could be secured at the present stage that would make it acceptable, it

might be preferable to have the instructions to the delegate revised so as to set forth the objections to the present Convention without instructing him to press for amendments.

6. *The Cabinet*, after considerable discussion, noted the report of the Minister of Citizenship and Immigration and agreed that the draft telegram of instructions to the Canadian delegate to the United Nations conference considering the Convention on Refugees and Protocol on Stateless Persons be revised along the lines indicated by the Prime Minister.

DEA/5475-EA-40

268.

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to European Office of United Nations

TELEGRAM 61

Ottawa, July 5, 1951

CONFIDENTIAL. IMPORTANT

Reference: My telegram No. 60 of June 30.

CONVENTION ON REFUGEES AND STATELESS PERSONS

Following for Chance, Begins: The matter has been further considered by the Cabinet. The Cabinet is not prepared to authorize signature of the Convention in its present form. It is also doubtful whether at this stage there is any likelihood that amendments could be secured that would put the Convention in a form that could be approved. In the circumstances, the Cabinet has directed that, in explaining the Canadian position, you should indicate the reasons why it is felt that the Convention in its present form is not acceptable to Canada without pressing for the amendments that would be necessary to make it so. If it develops that amendments are agreed on that would remove the embarrassments the Cabinet considers to be involved in the present Convention the question of signature could then be reconsidered.

2. The Cabinet considers that there is serious objection to the present wording of Article 28 [now 33(1)]. As it now stands, it appears that Canada would be undertaking not to expel a communist, for example, to a country which has declared the Communist party illegal or which has passed a statute similar to the Smith Act under which leading United States communists have recently been sentenced to imprisonment. Canada is not willing to undertake such an obligation. It is felt that the Convention should not grant rights to communists or to other persons who believe in the destruction of Fundamental human rights and freedoms. If there is any general agreement to this effect, the modification might be accomplished by an amendment of Article I, paragraph E, sub-paragraph (b) through the addition after "Article 14, paragraph 2" of the words "or Article 30".

3. Article 27, paragraph 1 is considered objectionable because of doubt as to the meaning of the words "national security or public order" and para 2 is considered objectionable because it gives a refugee the right to be represented in the hearing of his appeal against deportation. The Cabinet would wish to be sure before authorizing signature that this language would not affect Canadian law or practice.

4. The Cabinet considers that the Convention should not apply to landed immigrants in Canada. The view is that the Convention should apply only to persons who are refugees in the sense that they have not been accorded admission on a permanent basis to a country. Once a refugee has been granted landing in Canada with immigrant status, it is felt that he should be subject to the normal provisions concerning immigrants. The limitation could presumably be effected by amending Article I, paragraph D.

5. The Cabinet is uncertain as to the meaning of the word "penalties" in paragraph 1 of Article 26. If it includes deportation, the Cabinet does not consider the provision acceptable, since in Canada deportation orders are issued on the ground of illegal entry when it is impossible to produce the security evidence that is the real basis for deportation.

6. The above are the principal objections to the Convention, as it now stands, apart from those that have already been indicated to you. They are set forth for your guidance in any statement you may make but, as stated in paragraph 1, it is not desired that you should press for the specific amendments that are indicated. Ends.

269. DEA/5475-EA-40

Le représentant permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 47 Geneva, July 7, 1951

CONFIDENTIAL

Reference: Your telegram No. 61.
Following from Chance.

1. I trust that I may exercise discretion as to timing of any further general statements of Canadian position. I do not think that such is necessary or even desirable at this stage. Conference is already fully aware of our hesitation. It is now clear moreover that only five countries charged, namely, Austria, Belgium, Luxembourg, Norway and Denmark are here with power to sign.

2. Debating so far has indicated that convention bristles with difficulty for all countries. Problems cited your telegram are generally those of countries of final settlement. But countries of primary and secondary class also have serious difficulties.

3. Doubts of Cabinet on Articles 26, 27, 28 are certainly shared by some other countries, notably, the United Kingdom who will press strongly for amendments. I

have some hopes that the final text of these Articles may prove acceptable to Canada.

4. Proposition of your paragraph 4 is more delicate. Great numbers of refugees have been admitted to some European countries, notably, France, on a permanent basis. There is obviously danger of playing into hands of those who would wish to see present conference fail and then put the blame on the door step of immigrating countries like United States, Australia and ourselves.

5. I judge attitude of Cabinet to be that convention is not particularly important from the Canadian standpoint. They might even prefer not to become party to any convention of this nature. Nevertheless as a further indication of Canada's contribution to general humanitarian work of United Nations they would be prepared to consider signature if objectionable aspect of text can be removed in discussions.

6. If line expressed in 4 above is right I shall without any great vigour seek either on my own initiative or in collaboration with others to secure amendments which would remove embarrassment. If such amendments do not meet with acceptance I shall not press them unduly but will make a further and more specific statement of Canadian position if instrument is opened for signature at close of conference. I am now beginning to doubt last contingency.

7. I should be grateful for short telegram indicating whether or not I have gauged the Cabinet position and interpreted my instructions correctly.

DEA/5475-EA-40

270.

Le secrétaire d'État aux Affaires extérieures
au secrétaire de la délégation permanente
auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Secretary, Permanent Delegation to European Office of United Nations

TELEGRAM 62 Ottawa, July 10, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 47 of July 7.

CONVENTION ON REFUGEES AND STATELESS PERSONS

Following for Chance, Begins: You may use your discretion as to the timing of any general statement on Canada's position.

2. Your judgment of Cabinet's attitude as expressed in your para. 5 is correct to a degree. Cabinet is not prepared to accept the restrictions on its freedom of action which would be imposed by the present Convention. From Canada's point of view, because permanent landings are granted to immigrant refugees, the majority of refugees in Canada would not receive any substantial additional benefits. At the same time, the Government would be restricted in its freedom of action on the specific points already mentioned. Therefore, Cabinet would prefer that Canada not become

a party to a convention of this nature, but they are prepared to reconsider the convention later if the changes to meet their objections are incorporated in it.

3. Cabinet would not wish you to take any initiative in attempting to secure such amendments as long as our position is made clear. The initiative should be left to other members. Therefore, you should not take even the limited initiative outlined in your para. 6. Of course, if our views are sought there would be no objection to your offering appropriate explanations. Ends.

271. DEA/5475-EA-40

Rapport du chef de la Direction des Affaires consulaires

Report by Head, Consular Division

SECRET [Ottawa], September 20, 1951

REPORT OF CANADIAN REPRESENTATIVE TO CONFERENCE OF PLENIPOTENTIARIES ON THE STATUS OF REFUGEES AND STATELESS PERSONS HELD AT GENEVA JULY 2-25, 1951

General

1. The Conference assembled at the Palais des Nations on the morning of July 2, 1951. In all, 26 states were represented (See Annex I†). The Conference was scheduled to complete its business by July 20, 1951. It had before it a draft Convention on the Status of Refugees and a draft Protocol relating to the Status of Stateless Persons. These draft instruments had been the subject of some eighteen months of study. They had been originally prepared by an ad hoc Committee set up under the auspices of the Economic and Social Council, which sat at Lake Success for five weeks in January and February, 1950. The drafts had subsequently been considered and revised by the Economic and Social Council, by a second session of the ad hoc Committee and by the General Assembly. The Economic and Social Council and the General Assembly had, however, considered little more than the definition, Article I.

2. The time allotted to the Conference of Plenipotentiaries seemed at the outset ample. It early became apparent, however, that the Conference was less one of plenipotentiaries in the usually accepted sense than a further meeting of experts — an enlarged ad hoc committee. It was apparent too that radical changes would be made in the text. In the end the Conference did not finish its work until the night of July 25, 1951.

3. The Conference rejected the Protocol on the Status of Stateless Persons on the ground that it was premature, that the whole question of the study of the status of stateless persons was still under consideration by the International Law Commission, and that if action were later to be taken it should be as the result of deeper examination by a Conference set up especially for the purpose.

4. On July 28, 1951, at Geneva, twelve states (see Annex II†) signed a Convention on the Status of Refugees (see Annex III†). The instrument will remain open for signature at the Headquarters of the United Nations until December 31, 1952.

5. The position of the Canadian Representative to this Conference was a little embarrassing. As Chairman of the ad hoc committee which had drafted the instruments under consideration by the Conference he had taken a somewhat prominent part. In subsequent discussions other Canadian representatives had played equally active roles. On his arrival in Geneva on July 1, 1951, he received written instructions which, subject to Cabinet approval, confirmed his previous understanding that the Government of Canada was favourably inclined towards signature of the Convention subject to some reservations. On the morning of July 2, 1951, however, he received telegraphic instructions which caused him to adopt a cautious attitude. A week later a further telegram stated that the Cabinet had certain specific objections to the Convention as it then stood but instructed him not to press for amendments.

The Objections of the Government of Canada

6. The objections of the Government of Canada as expressed in telegrams Nos. 60 of June 30, 1951 and No. 61 of July 5, 1951 centred principally about Articles 26, 27 and 28 of the original text. Further, the view was expressed that "landed immigrants" in Canada should be excluded from the terms of the Convention. It had, moreover, from the outset been understood that a convention which did not include an acceptable federal state clause (or article) could not receive Canadian signature or ratification, apart altogether from any other problems which the Convention might raise.

Article 26

7. The instructions of the Canadian Representative stated:

"The Cabinet is uncertain as to the meaning of the word 'penalties' in paragraph 1 of Article 26. If it includes deportation, the Cabinet does not consider the provision acceptable, since in Canada deportation orders are issued on the ground of illegal entry when it is impossible to produce the security evidence that is the real basis for deportation."

8. Paragraph 1 of Article 26 appears in the final instrument as Paragraph 1 of Article 31. It reads as follows:

"The contracting states shall not impose penalties, on account of their illegal entry or presence, on refugees who, coming directly from a territory where their life or freedom was threatened in the sense of Article I, enter or are present in their territory without authorization, provided they present themselves without delay to the authorities and show good cause for their illegal entry or presence."

9. In debate the Canadian Representative sought to obtain agreement with the proposition that a state by virtue of this article would not forfeit its right to expel refugees who had illegally entered its territory. The Representative of Belgium stated categorically:

"that his Government could not interpret the first paragraph of Article 26 as restricting its right to send back a refugee who had entered Belgian territory illegally. The purpose of paragraph 1 was to prevent refugees from having to suffer penalties imposed for the unlawful crossing of boundaries provided they presented themselves of their own free will to the authorities and explained their

case to them. The Government nevertheless retained its right to expel any alien who had entered its territory illegally."

The United Kingdom Representative endorsed the Belgian Representative's interpretation of Paragraph 1; he said:

"The right of asylum in his delegation's view was only a right belonging to the state to grant a refugee asylum, not a right belonging to the individual to insist upon its being extended to him. Article 26 therefore has nothing to do with the question of the right of asylum. The Belgian, Canadian and United Kingdom delegations interpreted the word 'penalties' in paragraph 1 as referring to penalties to be imposed by law on a charge of illegal entry and as being in no way concerned with the right of the state to grant a refugee asylum. He hoped that that view would be confirmed by the Conference; otherwise his Government might not be able to support the Article."

There was no dissent from this view.

10. Later in the debate on the Article the President of the Conference pointed out:

"that subject to whatever international conventions they had signed, states were sovereign as far as their own legislation was concerned. Article 26 only referred to cases of unlawful entry and provided for certain commitments in that connection on the part of states. If his interpretation of the Article was correct, delegations which had felt some concern about the scope of the objectives in the Article could rest assured the interests of the countries which they represented were safe-guarded."

11. While this declaration by the President is not conclusive it is only possible to report that there was no sign of disagreement with it. On the contrary it was clearly the consensus of the Conference that the interpretation of the Belgian, United Kingdom, and Canadian Representatives was correct. The Canadian Representative therefore concluded that he might with some assurance report that the word "penalties" as used in the Article does not include deportation on grounds of illegal entry. If, however, any doubt remains the position could perhaps be covered by a suitable statement at time of signature.

Article 27

12. Article 27 of the original text (Article 32 of the final instrument) deals with the expulsion of refugees lawfully in the territory of a contracting state. The instructions of the Canadian Representative stated:

"Article 27, paragraph 1 is considered objectionable because of doubt as to the meaning of the words 'national security or public order'. The Cabinet would wish to be sure before authorizing signature that this language would not affect Canadian law or practice. Paragraph 2 is considered objectionable because it gives a refugee the right to be represented in the hearing of his appeal against deportation."

Subject to correction by legal authorities it is suggested that the expression "public order" presents difficulties of interpretation in so-called common law countries which do not arise around the expression "ordre publique" in European countries. It is understood that this particular difficulty has been encountered on previous occa-

sions. Even in Europe, however, there appears to be a good deal of elasticity in interpretation which undoubtedly varies somewhat from country to country. Canadian law and practice in this respect were fully exposed at the Conference and it was apparent that except for deportation of a refugee as defined by this Convention on the grounds of indigency alone, our law and practice would not be in conflict with this article. It would be presumptuous for a layman to pass an opinion as to whether Canadian signature of the Convention might involve any change in Canadian law. It may, however, be observed that many countries including the United Kingdom and the Scandinavian group have laws on their statute books which are similar to the Canadian law which permits deportation on the grounds of becoming a public charge. These countries, which have signed the Convention, stated through their representatives that they did not intend to change their laws. They merely proposed to refrain from invoking them against refugees.

13. As to paragraph 2 of Article 26, there was complete agreement that existing Canadian practice on deportation appeals was in full consonance with the terms of the Article. Consequently, no change would be necessary in that respect. However, other countries apprehended the same difficulty as did the Government of Canada regarding security evidence and the text of paragraph 2 of Article 31 of the final instrument provides for this situation. It now reads:

> "The expulsion of such a refugee shall be only in pursuance of a decision reached in accordance with due process of law. Except where reasons of national security otherwise require the refugee shall be allowed to submit evidence to clear himself and to appeal to and be represented for the purpose before the competent authority or a person or persons specially designated by the competent authority."

Article 28

14. Article 28 of the original text (Article 33 of the final instrument) prohibited the expulsion of a refugee to territories where his life or freedom was threatened. The instructions of the Canadian Representative stated:

> "The Cabinet considers that there is serious objection to the present wording of Article 28. As it now stands it appears that Canada would be undertaking not to expel a Communist, for example, to a country which has declared the Communist party illegal or which has passed a statute similar to the Smith Act under which leading United States Communists have recently been sentenced to imprisonment. Canada is not willing to undertake such an obligation. It is felt that the Convention should not grant rights to Communists or to other persons who believe in the destruction of fundamental human rights and freedoms. If there is any general agreement to this effect the modification might be accomplished by an amendment of Article 1, paragraph E, sub-paragraph (b) through the addition after 'Article 14, paragraph 2' of the words 'or Article 30'."

15. Debate at the Conference on this Article showed at once that almost every country shared the views of the Government of Canada in varying degrees. It was apparent that no unqualified obligation such as that imposed by the original text would be accepted. It was not, however, considered to be desirable to deal with the matter by reference to the Declaration of Human Rights in the Definition Article 1

but to face it squarely in Article 28. In consequence a paragraph was inserted which appears in the final instrument as paragraph 2 of Article 33 which reads as follows:

"The benefit of the present Article may not, however, be claimed by a refugee whom there are reasonable grounds for regarding as a danger to the security of the country in which he is, or who having been convicted by a final judgment on a particularly serious crime constitutes a danger to the community of that country."

16. The specific anxiety of the Government of Canada in this respect would appear to have been covered by the above provision since the decision as to whether an individual refugee in Canada did, in fact, constitute a "danger to the security of the country in which he is" would rest with Canada. If, however, legal opinion is in conflict with this view possible embarrassment arising from a fugitive United States Communist claiming the benefit of the Convention in Canada might be modified by Canadian adherence to the Convention only insofar as it would apply to refugees from Europe. This possibility is provided by the alternative which is discussed hereunder in paragraphs 26 et seq which deal with Article 1 — the Definition Article.

The Status of "Landed Immigrants"

17. The instructions to the Canadian Representative on this subject stated:

"The Cabinet considers that the Convention should not apply to landed immigrants in Canada. The view is that the Convention should apply only to persons who are refugees in the sense that they have not been accorded admission on a permanent basis to a country. Once a refugee has been granted landing in Canada with immigrant status it is felt that he should be subject to the normal provisions concerning immigrants. The limitation could presumably be effected by amending Article 1, paragraph (D)."

18. The view expressed by the preceding paragraph was put to the Conference in terms in which the undesirable psychological effects of making a special class of one particular group of immigrants was strongly emphasized. There was in the Conference a certain sympathy but no positive support for the proposal, and since the Canadian Representative was under instructions not to move for amendment the matter could not be carried any further. The suggestion that the situation could be met by amendment to Article 1, paragraph (D) received no support, it being pointed out that the paragraph had been inserted at the General Assembly to provide for the particular position of Volkesdeutches who had returned to Western Germany and under the law of that country had been granted national status.

19. This situation is illustrative of the undoubted difficulties of drafting an all-embracing convention which would cover in one instrument the diverse particular problems of countries of primary asylum and ultimate resettlement, and of unitary and federal states possessing a wide variety of legal concepts and practices.

20. In any event it is only possible here to report that though the views of the Government of Canada were strongly put to the Conference, they were not accepted and the final instrument does not make any provision for them.

The Federal State Clause: Article 41 of the Final Instrument

21. By telegram No. 64 of July 14, 1951 the Canadian Representative received the text of a draft federal state clause which had been prepared by the Department of Justice. This was clearly the first choice for the wording of such a text. He was, however, not initially to propose it but might show it to interested federal states who might support it. An alternative text based on a United States proposal for the Convention on Prostitution might be supported if it were put forward. The Canadian Representative might further support a proposal of the United Kingdom for a clause which would obligate federal states to report, upon request, the state of their law and the implementation of the convention with regard to any particular Article.

22. There were represented at the Conference a number of federal states (Austria, Australia, Brazil, Canada, Germany, Switzerland, United States of America, Yugoslavia). Discussion in the lobbies, however, developed the fact that of these only Australia, United States of America and Canada had much interest. The rest of the federal states were disinterested because under their constitutions the conduct of foreign affairs is vested in the federal authorities. The instructions of the Australian, United States and Canadian representatives were identical in one respect; they might support a federal state article but were not to initiate any particular text.

23. Such was the situation when the President of the Conference reminded federal states of the necessity of filing proposals with the Secretariat within forty-eight hours. Discussion between Australian, United States and Canadian Representatives developed that agreement could most probably be reached on the United States text previously mentioned with the insertion of the words "legislative" to meet the particular Canadian constitutional position. Accordingly, all three delegations asked by telegram for authority to co-sponsor such a text. In due course all received affirmative replies. Unfortunately, none did so in time for the calling of the item on the agenda. In the event the Representative of Israel proposed the same text as that which had been telegraphed to the three governments; he encountered immediate objection from the Representative of France who spoke strongly on the inequalities of obligation assumed by unitary and federal states. The Representative of Denmark proposed that constituent states, provinces, cantons, etc., should enter into the convention as sovereign in respect of those articles which lie within their legislative authority. The Canadian Representative supported the Israeli proposal intimating at the same time that it was not necessarily the first choice of the Canadian delegation. The United Kingdom Representative supported the insertion of a federal article, but was unhappy about the drafting. He proposed as an amendment that the reporting clause already mentioned should be added to the draft. He had previously been privately shown the Canadian Department of Justice draft which he preferred and in the course of his remarks he suggested that the Canadian Representative might read it for the information of the Conference. The latter did so, and later the Department of Justice draft was circulated as a possible suggested alternative.

24. After some debate in which the United Kingdom Representative supported the Department of Justice draft, the Israeli Representative withdrew his proposal and the President asked if, in the circumstances, the Canadian Representative would sponsor the Department of Justice text. Feeling that he had fulfilled his instructions

by not initiating the text, the Canadian Representative agreed. The proposal carried: in favour: 12; against: 2; abstentions: 7, but at the second reading it was adopted by 19 votes to one with only 4 abstentions.

25. It will be noted that as finally approved paragraph (b) of the Department of Justice draft was altered by inserting after the words "provinces or cantons" the following words "which are not under the constitutional systems of the federation bound to take legislative action." This was done to meet the particular position of the Austrian Representative who was anxious to insure that the text gave no colour of support to the idea that the constituent states or cantons of Austria had any authority in international affairs.

Article I — The Definition Article

26. As had been generally anticipated there was much debate on the definition article. It will be recalled that the General Assembly had removed from paragraph 1 (b) of the original text the words "in Europe" from the phrase "as the result of events occurring in Europe before 1 January 1951". This was done against French opposition at the General Assembly. Canada, however, had supported the deletion of the words. At Geneva France strove to re-instate the words "in Europe". In this they were supported by the United States, whose representative took the line that it is better to make haste slowly, to deal with a known problem, and to make provision for new ones as they arise.

27. As on previous occasions the case for the "universalists", was led by the United Kingdom Delegation which was supported somewhat nervously at the start, but more firmly as the debate progressed by the Scandinavian and Benelux groups. They had further the doubtful asset of Egyptian and Iraqi support and somewhat capricious assistance from Yugoslavia. On the French side, besides the United States of America, were the Latin-American countries represented by the Consuls of Venezuela, Colombia and Brazil, Italy which had throughout gone along generally with the French position, and Monaco. A vote which everyone wished to avoid would probably have resulted in a close defeat for the French-United States combination and conceivably might have meant French defection altogether.

28. After two days of debate in which the Canadian Representative took no part a compromise was evolved, by arrangement advanced by the Holy See, and unanimously approved. In short, as will be seen, from the final instrument, this compromise enables the contracting states to make a choice by which they may apply the Convention, either

(a) to refugees from Europe only, or

(b) to refugees from Europe and the rest of the world.

Conclusions

29. By telegram No. 62 dated July 10, 1951 the Canadian Representative was advised as follows:

"Cabinet is not prepared to accept the restrictions on its freedom of action which would be imposed by the present Convention. From Canada's point of view because permanent landings are granted to immigrant refugees the majority of refugees in Canada would not receive any substantial additional benefits. At the

same time the Government would be restricted in its freedom of action on the specific points already mentioned. Therefore, Cabinet would prefer that Canada not become a party to a Convention of this nature but are prepared to reconsider the Convention later if the changes to meet their objections are incorporated in it."

30. A parallel study paragraph by paragraph of the draft Convention as it was presented both to the Cabinet and the Conference against the instrument which was finally adopted will show that the latter exhibits many changes and a much more cautious attitude than the former. It may perhaps be thought that the changes incorporated in it have gone a long way to meet objections. It is proper, nevertheless, to observe that the difficulties about "landed immigrants" and deportation on the grounds of indigency alone, have not been removed.

Recommendation

31. It is recommended that copies of the final instrument be distributed to interested Departments together with any extracts from this report which may be considered suitable. After an adequate period for consideration a study of the instrument might be undertaken by an inter-departmental group consisting possibly of Citizenship and Immigration, Justice, Labour, National Health and Welfare, Privy Council Office, and External Affairs with a view to concerting a submission to Cabinet for the signature of the Ministers concerned.[52]

LESLIE CHANCE

7e PARTIE/PART 7

COMITÉ DES MESURES COLLECTIVES
COLLECTIVE MEASURES COMMITTEE

272. DEA/50191-A-40

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

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

SECRET [Ottawa], August 22, 1951

POLICY TO BE FOLLOWED IN THE CMC — COLLECTIVE MEASURES COMMITTEE

The attached memorandum examines some of the current activities of the CMC, in particular those relating to the role which the U.N. might play in a major war and to the peace time preparations for such a role. Difficulties have been encountered recently in instructing the Delegation as to the line to take in connection with the

[52] Le Canada n'a signé la Convention sur le statut des réfugiés que le 4 juin 1969.
Canada did not sign the Convention on the Status of Refugees until June 4, 1969.

activities of the various sub-committees because these activities are advancing into a field in which no definitive Canadian policy has been enunciated. These difficulties have arisen particularly in connection with proposals to equip the U.N. with machinery specifically designed for possible action in time of war.

2. The memorandum examines three general positions which the Canadian Government might take. Of these, two may be regarded as extreme positions, and the third, which is considered the most desirable, represents a middle course between these two extremes.

3. The first position in essence is to accept the principle of converting the U.N. into a military alliance against the Cominform states; this would involve accepting the idea that the U.N. should provide or at least designate the central agency for the higher direction of a major war, and might result in the early withdrawal from the U.N. of the Soviet bloc. The second extreme position would consist in attempting to preserve the universal character of the U.N. in the hope that it might survive as a useful organization for the *post bellum* period; this position would rest on the assumption that the U.N. could avoid becoming actively identified with either side in the event of a world war. The middle course, as presented in the memorandum, involves the rejection of these two extreme views and assumes (a) that the U.N. is not the appropriate body to direct a major war and (b) that the U.N. could not remain neutral in the event of such a war.

4. In a positive sense, therefore, this middle course consists in preparing the U.N. to assist the Western Powers in the event of war through its moral backing and its facilities for encouraging and co-ordinating the support of those countries which might not take a full and active role in the war. At the same time an effort would be made to maintain as far as possible the universal and non-partisan nature of the U.N. on which its moral prestige rests.

5. It is recognized that this policy, generally desirable though it probably is, is somewhat broad and indefinite, but it is not considered possible at present to be more precise. Do you agree that we should attempt to follow this line in instructing the Delegation?[53]

A.D.P. H[EENEY]

[53] Note marginale :/Marginal note:
I think that we must start from the assumption that *any* war in which we are engaged will be one against an aggressor, and in accordance with our obligations under U.N. I don't see, then, how we can distinguish between the responsibility of U.N., as such, and the 'Western Powers' in such a war. Surely we must hope that U.N. will therefore be as active, at least, in such a war as it is in Korea to-day. Subject to this, I agree with course 3 — as a general guide — but not as a course which recognizes in advance that some members of U.N. have less responsibility in war and fewer obligations than others. L.B.P[earson].

[PIÈCE JOINTE/ENCLOSURE]

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

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

SECRET [Ottawa], August 22, 1951

ROLE OF THE UNITED NATIONS IN A GENERAL WAR

The present stage of work in the various subordinate groups of the Collective Measures Committee seems to raise, as a matter of some urgency, the question of the general position we should adopt towards the role of the United Nations in the event of a general war. In particular, the activities of the Collective Measures Committee appear to make essential some clarification of our thinking regarding the respective roles of NATO and the United Nations, both in the military conduct of such a war, and in the actual direction of economic warfare measures against an aggressor.

2. In the various fields covered by the CMC, the most rapid progress has been made by the Sub-Committee on Economic and Financial Measures which has now submitted its report to the full Committee. This report is drafted in such general language that it lends itself to several different interpretations regarding the role to be assumed by the U.N. in co-ordinating economic sanctions against an aggressor. Generally speaking the report is useful as a study in the field of economic warfare. It also describes possible measures of assistance to a state suffering from aggression, and offers a number of "guiding principles" and recommendations for consideration by the General Assembly or the Security Council in the application of economic sanctions. However, on the fundamental point of the degree to which the U.N. should assume operational responsibility for applying such measures, the report is by no means clear. One of the "guiding principles" reads as follows: "In the application of economic and financial measures under the auspices of the United Nations there is a wide area in which the United Nations should assume responsibility for co-ordination, for which purpose an appropriate body should be established." Again, one of the recommendations of the sub-committee reads as follows: "In the event that the Security Council or the General Assembly decides upon or recommends the application of collective measures against an offending state, a committee (should) be designated *ad hoc* for the necessary co-ordination of the measures."

3. The recommendations quoted above seem to be open to the interpretation that the U.N. should set up machinery and exercise control over the implementation of economic measures by member states which are actually at war. If this is the correct interpretation, such a procedure might conflict with procedure under NATO. If, on the other hand, the correct interpretation is that the U.N. should co-ordinate economic measures by those states which are not participating in military measures, such a principle would seem to be quite unobjectionable, and also practicable within the framework of the United Nations. This interpretation would, however,

probably require some modification of the wording of the "guiding principle" quoted above. The debate which has now been begun in the CMC itself will no doubt clear up the question of which of these two interpretations is the correct one. Nevertheless, it is already quite apparent that this report of the Economic Sub-Committee raises, inferentially at least, an important problem of policy.

4. On the military side, the problem of the participation of the U.N. in a general war is also raised implicitly by the question of the directive which should be given to the Panel of Military Experts. There is a genuine danger that, if too broad a directive for this Panel is drawn up, the latter may become an agency through which the U.N. is drawn into such fields as operational planning and the standardization of military equipment, which would appear to be quite outside its proper sphere. Also in this field, the CMC has, under United States leadership, set up a Sub-Committee on Military Measures, which has now agreed on an agenda including a study of the question of "initial" and "further" steps to be taken in preparing collective military measures. On the question of "initial" steps, the U.S. Delegation has produced a draft paper recommending that, on the decision of the General Assembly or the Security Council that collective measures should be undertaken, a State or group of States should be designated as "the executive military authority" for conducting the military operations. (The term "executive military authority" is apparently considered more appropriate than "Unified Command", although there is no explicit consideration given in the U.S. paper to the distinction between a general and a limited war.)

5. This U.S. working paper deals at some length with the relationship between the proposed "executive military authority" and the U.N. The paper makes clear that full responsibility for strategy and tactics would be in the hands of the executive military authority; but adds that "the Security Council or General Assembly should define United Nations objectives" and that "in the event of the failure of the executive military authority to carry out its responsibilities to the satisfaction of the United Nations, the Security Council or General Assembly should be in a position to revoke its authority". It is still too early to assess the proper importance of the proposal contained in this U.S. working paper. If it is merely intended as a device for assigning authority to NATO from the United Nations, in the event of general war, the proposal would seem to be quite unobjectionable. If, on the other hand, the intent of this paper is that the military conduct of the war by NATO (or by any alternative "executive military authority" which might be designated), should be subject to constant scrutiny and debate by a committee of the U.N., many important problems are obviously raised. The attached teletype WA-3096 of August 13† from our Embassy in Washington quotes Mr. Hickerson as saying that, in the U.S. view, the "entire responsibility for the operational conduct of such a general war" would be in the hands of NATO and that the U.N. would not be allowed to "get in the way". Despite this assurance, however, it is evident that the precise relationship between the "executive military authority" (e.g. NATO) and the U.N. will need very careful examination.

6. In view of the above, it seems evident that, in drafting instructions to our Delegation in New York on the economic and military aspects of CMC's work, we should proceed from some definite basic assumption as to the degree to which the

U.N. should participate in a general war; and also concerning the degree to which public preparations for the U.N.'s wartime role should be carried out. Generally speaking, there would seem to be three possible alternative concepts:

(A) We might frankly accept the idea that the United Nations should be used as the basis for a military alliance against the Cominform states. This would involve accepting the principle that the U.N. should be the central agency for operational control in wartime. It would also, of course, mean a frank abandonment of the U.N.'s present pretentions to universality. If such a course is followed, the almost inevitable Soviet withdrawal from the organization might well be followed by the withdrawal of such "neutralist" states as India, Indonesia and Pakistan, with the consequent decline in the U.N.'s prestige in the Asian territories, where its influence is of great importance to us.

Moreover, it must be recognized that the constitution of the United Nations, and the distribution of voting strength, is such that it would inevitably be a very cumbrous and inefficient mechanism for securing strategic and operational decisions in wartime. Again, any attempt to give the U.N. a fully operational role in wartime would seem to require a very careful examination of Article 103 of the Charter which states that: "In the event of a conflict between the obligations of the Members of the United Nations under the present Charter and their obligations under any other international agreement, their obligations under the present Charter shall prevail." In other words, if the U.N. were turned into an anti-Cominform alliance, there would be a serious possibility of redundant and conflicting obligations for such states as Canada, on the one hand under NATO, and on the other hand under the U.N. For these various reasons, it seems that we should reject the idea of using the U.N. as the basis for an anti-Cominform military alliance.

(B) A more practicable alternative would seem to be acceptance on our part of the position that the U.N. and NATO have complementary roles to play in the event of a general war. Such a basic assumption would mean that we would accept the principle that the actual operational direction of activities against an aggressor would be in the hands of NATO, in the case of a general war originating in the NATO area, or, alternatively, in the case of a general war originating outside NATO territory, in the hands of some other executive authority established under the auspices of the U.N. This would mean that, while the U.N. would not concern itself with the actual direction of economic and military measures imposed by the states actively engaged in the war, it would be used as a mechanism for obtaining the greatest possible co-operation from member states which were not actually participating. (The attached message from Washington indicates that the United States Government now generally accept this basic assumption regarding the U.N.'s wartime role.)

If such a middle policy were adopted, it might still provide the main advantages to be hoped for by U.N. participation in a war against aggression, without frightening off the neutralist states whose moral (and, possibly, economic) support in such a war is obviously of great importance to us. The political advantages to the free world of obtaining the U.N.'s blessing for collective military action against aggression are obviously of the first importance. Moreover, by limiting the wartime role

of the U.N. in this manner, we should be able to maintain the organization in a position where it would be able to resume its essential role of a peace-preserving agency, when the fighting ceases. Even in wartime it is most important to preserve some symbol of the world community and to take account of the post-war period.

If we accept the principle of limited U.N. participation, careful consideration will obviously have to be given of the degree to which the activities of the CMC should be continued and of the publicity which these activities should be given. Nevertheless, it seems desirable to continue some, at least, of these studies, even if the U.N.'s role is limited to securing the maximum support from states not directly participating in the war. Great care will obviously have to be taken to ensure that, in the continuation of these studies, projects are not adopted which have the effect of assigning to the U.N. any actual operational responsibility in a general war. On the other hand, it is quite possible that from these studies there might emerge, among other things, a more clear conception of the sanctions which the U.N. can employ in any remaining peripheral disputes which do not directly involve a head-on clash between the Soviet Union and the West. The continuation of studies of this nature would also not seem to afford any valid pretext for Soviet withdrawal from the U.N. Unless the activities of the CMC have the effect of causing the General Assembly to establish some bodies with direct military and economic operational responsibility in wartime, the U.S.S.R. cannot very well present a convincing case for leaving the organization, and it seems unlikely that they would do so.

(C) The last alternative position which might be considered is to try to keep the U.N. in "cold storage" if a general war breaks out, in the hope that the U.N. machinery would remain fully intact for the post-war period. It could be argued that participation by the U.N. — even somewhat indirect participation — would destroy the essential character of the organization as a peace-making body. Nevertheless, Article 1, which calls on the U.N. to take collective measures for the suppression of acts of aggression, cannot be ignored. Moreover, in view of the Korean experience and the adoption of the "Uniting for Peace" resolution, it seems quite unrealistic to expect the U.N. to remain on the sidelines in the event of a war. The Korean crisis has shown that the United States Government (and, probably, the United Kingdom) will go to the greatest possible lengths to secure U.N. sanction for any hostilities in which it engages. It now seems very unlikely indeed that the leading democracies would enter a general war without securing the U.N.'s moral support.

Moreover, *if* the U.N. were kept in "cold storage" during any future war, it would be very difficult to obtain public support for reviving the organization once the fighting had ceased. This would, no doubt, be particularly true so far as public opinion in the United States is concerned. It would not be easy to convince the public that an organization which had played a purely passive role during a general war was an organization with any real moral validity. In view of these reasons it appears unrealistic to expect the U.N. to be a complete "non-participator", if a war breaks out, attractive though such an ideal may be, from several standpoints.

7. From the above it seems that the only practicable course for us to follow is to accept the basic position outlined above in alternative (B). If this general position is

accepted, we can then proceed to give more explicit instructions to our Delegation in New York regarding the stand they should take on the military and economic aspects of the CMC's work.

8. I would, therefore, appreciate your guidance as to whether alternative (B) is a correct reflection of our position on this matter; and whether we should instruct our Delegation in New York in accordance with this general position. Do you agree?

A.D.P. H[EENEY]

8e PARTIE/PART 8

POLITIQUE SUR L'AIDE EXTÉRIEURE
EXTERNAL RELIEF AND ASSISTANCE POLICY

DEA/11856-40

273.

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre des Finances

Under-Secretary of State for External Affairs
to Deputy Minister of Finance

CONFIDENTIAL

Ottawa, January 29, 1951

Dear Dr. Clark:

I am enclosing a memorandum prepared in this Department on "Canadian Contributions to External Relief and Development". Our Department has been very conscious of the difficulties in deciding on the recommendations we should make to the Government in the new field of external relief and assistance. To call this a new activity may be an exaggeration since we have had five years of post war experience in international grants, loans, relief and free transfers of one kind or another in addition to our major efforts in this field during five years of war. Nevertheless, it is still a comparatively novel field and one which has at times been the source of some misunderstanding and misinterpretation between different departments of the Government.

We have had, I am convinced, a really tremendous record in this field. And it is this very record which, in a sense, creates special problems for us. Many countries — both those which are well-to-do and close to us, and those which are far from well-to-do and far away — have come to believe that we can be counted upon to contribute in a reasonable way to any worthy cause. In the post-war period, we did not build up slowly, as the United States have done to their present huge underwriting of international obligations, economic and military. In a sense, our role has been complementary to that of the United States. When they were not undertaking large obligations, at least in relation to their national wealth, we were; when they began to play their proper role, roughly from the beginning of the Marshall Plan in 1948 on, we were properly able to cut down sharply our efforts in order to restore our own strength.

By 1950 the picture had begun to change, largely owing to the fact that the size of the international problem to be met was growing at an alarmingly rapid pace. In the field of defence, points of view and orders of magnitude have been changing very quickly. Present Canadian plans call for very large outlays and overseas assistance of a military type will no doubt have to be increased substantially. Although NATO has turned out to be in some respects a more cumbersome body than we had hoped, it has the possibility of becoming, and I think is becoming, an orderly body from which we can get a clear and sensible picture of our defence responsibilities. Plans, objectives and resulting obligations are, I am satisfied, competently handled at all stages.

On the non-military external aid side, however, the picture at times seems to be just about the opposite. Almost every time anyone goes to an international meeting anywhere, he is likely to come back with a bill. Sometimes it is a small percentage of a large bill, sometimes a physical contribution is called for, at other times the nature and size of the obligation are indeterminate and woolly — we are to give what we feel like giving and, understandably enough, we seldom feel like giving anything away with the exception of the odd bothersome surplus. One theoretical result is that we are at times called upon to make a percentage contribution to some remote activity over which we have little control, and in which it may be hard to find a clear direct Canadian interest. On the other hand, we may pass up useful activities where, along with a few other countries, we might make a clear and constructive construction.

We would very much like to bring a good deal more order into this situation and develop a sound Canadian attitude. Accordingly, we have been putting together our thoughts on how the question of Canadian contributions to external relief and development could best be approached within the Government and within this Department. These thoughts are set out in the enclosed memorandum. No easy answer is offered as to exactly what we should or should not do, or what we should or should not contribute. The draft programme we have suggested is not designed to promote new expenditures. Rather it is an attempt to regularize and rationalize Canada's position in regard to external assistance. I hope that you will find yourself in general agreement with our suggested approach and I shall look forward to receiving your views.

Yours sincerely,
A.D.P. HEENEY

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL

[Ottawa], January 27, 1951

CANADIAN CONTRIBUTIONS TO EXTERNAL RELIEF AND DEVELOPMENT

I. *Canadian Contributions Past and Present*

1. During and immediately after the Second World War Canada gained an enviable reputation amongst the other free countries of the world. Canada became a leader in mapping out postwar policies — in the establishment of UNRRA, the Bank and the Fund, the United Nations itself, FAO, ICAO, and other specialized agencies. Further, Canadian leadership in the field of international policy was strongly backed up in the field of international finance. In UNRRA, the Bank, and the Fund, an appropriate Canadian contribution was readily forthcoming, and Canadian reconstruction loans to the United Kingdom and other countries in 1946 far outstripped, on any basis of comparison, similar programmes in the United States or any other country.

2. Since 1946 the position has been rather different. While Canada's wealth and national income has gone on growing at an unprecedented rate the amount available for external aid has shrunk. The course of events is shown in a detailed table at the end of this memorandum. In summary, the table shows that Canadian contributions (credits and grants) to external relief, development and mutual aid during the past six fiscal years have been:

	Millions of Dollars
1945-46	$ 244.8*
1946-47	907.4
1947-48	523.0
1948-49	112.9
1949-50	126.9
1950-51	24.7
	$1939.7

* Note: in 1945-46 Canadian Mutual Aid amounted to $766.9 millions.

3. Canadian military commitments at home and abroad are now heavy and will become heavier. This means that external Aid for other purposes, known and unknown, will have to be scrutinized with special care. Moreover, experience in the past five years provides the basis for such scrutiny. The time seems ripe for a rather more orderly approach to the matter than has been possible in the past.

4. At the same time we must recognize that the successes of communism in Asia makes it necessary for us to act vigorously. The prevalent view among the underprivileged is that Technical Assistance and other programmes for the under-developed are too small to have much practical effect. If we are to create an impression, and what is more, if we are really to do what we profess, we must in some directions maintain and even increase our efforts and expenditures on external relief and development. This argument is obvious and would probably be generally accepted; the danger, however, is that although we accept it in principle, we will abandon it in practice. Because our budgets for military expenditure will rise, we will be disposed to cut down, or even cut out, our expenditures for economic and social programmes abroad. Because we will have increased need for technicians in the defence programme, we will be reluctant to spare good men for other countries. We, like the United States and United Kingdom, must be prepared to give some

priority to the men, materials, and money needed for relief and development overseas.

II. *Growing Requests in the United Nations and Elsewhere*

5. Canada has contributed to a large number of very useful international programmes since the war. Some of these have been of an emergency relief character: IRO, UNICEF and Palestine Refugees. In addition, in various United Nations bodies, we have approved the expenditure of money on many special studies and special assistance programmes. Most of this money has been well spent considering all the circumstances; no apologies are due to anyone. We must go on using the United Nations for helping the less fortunate countries.

6. On the other hand we should recognize that there is increasing pressure from the under-developed countries to put up money through U.N. for their development. The Technical Assistance Programme may be considered as the transition between, on the one hand, money spent on research and special projects within the United Nations and its specialized agencies and, on the other hand, money for capital development. Technical Assistance lies half-way between. Once the bridge has been built it will be difficult not to cross it. In the Commonwealth programme, developed during 1950, capital assistance followed logically and only a few months after technical assistance. And capital assistance means big money.

7. So far the United States and ourselves and certain other countries have resisted demands for capital assistance through United Nations channels. We have said that the International Bank represented the most that could be done in this field. The Bank makes loans that really are loans — with a reasonable expectation of repayment. When one goes beyond this into the field of grants-in-aid or gifts we claim that the United Nations is not a proper body to administer the money (by which we mean that the under-developed countries could out-vote us). We may be able to maintain this position for a time, perhaps indefinitely. However, we would be wise to arm ourselves with a pretty clear and consistent policy because we are sure to be attacked on all sides and in a number of international forums.

8. In the United Nations, apart from the Bank and Fund, each country has one vote. The under-developed countries have an overwhelming majority. There is a danger that they may vote programmes in their own favour. Moreover they can and do play ball with each other in getting the contributing countries to put up the maximum amount of money for all assistance programmes. When a programme has been approved, a few contributing countries feel bound to accept it; these countries include the United States, the United Kingdom, Canada, Australia and a very few others. Most other countries are not in a position to give very much, but it must be admitted that some countries in a position to help have not apparently felt bound to accept the decisions of the United Nations.

9. What policies are we following, or might we follow, on the United Nations front when over-ambitious programmes for international aid are put forward?

(a) At present we fight each project on an ad hoc basis, getting it into as reasonable shape as possible — and then we pay our share of the bill. This has been reasonably satisfactory in the past. There is a danger that it will not be satisfactory in the future as the programmes get more ambitious and more expensive.

(b) As an alternative we might simply become irresponsible like many of the other countries and refuse to pay our share of the agreed bill. Nobody really wants to see Canada in this position.

(c) Another possibility under consideration is that the United Nations should work out a new scale of contributions for use solely in connection with international assistance programmes. Under it the United States might pay something like 60% of the total instead of a little more than 30% under the ordinary United Nations assessments. If such a scale of contributions were adopted, and contributions were then made compulsory instead of voluntary, it would at least enable the virtuous countries to point the finger of scorn at the others which refused to pay up. However, there is not much hope of our getting a majority of countries in U.N. to accept the principle of compulsory contributions and without it the new scale of contributions is not much use. Moreover, if the system really worked, the under-developed countries could work it very effectively to their own advantage.

(d) Most recently, at the last Assembly of the United Nations, the Canadian Delegation agreed to the establishment of a Negotiating Committee which would do an arm-twisting job on possible contributors. We only accepted this suggestion after other proposals had failed. It may prove a useful device in getting others to give. However, it does not solve the basic question: how much should Canada give and in what directions?

III. *Changing Canadian Attitudes: An International Community Chest*

10. In the past Canadian authorities have considered each project on its merits as it arose in the United Nations or elsewhere. Looking back — and also looking forward — this procedure seems to suffer from three defects:

(a) We leave ourselves wide open to back-scratching and log-rolling amongst the under-developed countries. They can and do gang up on us. We, on the other hand, have no clear line of resistance, no logical place at which we dig in our heels and say No.

(b) We cannot use our contributions to best advantage, having in mind both the general worldwide interest and also any special Canadian interests. We cannot consider effectively either the right timing or the right placing of our contributions.

(c) We are liable to become committed positively to supporting a programme merely by beginning a negative argument. A grandiose scheme is put forward; our representatives oppose it by taking a moderate and sensible position; a general wrangle takes place; a compromise is reached, the compromise is far better than the original proposal partly, perhaps largely, as a result of Canadian intervention; — and then — bingo! — the Canadian taxpayer is asked to put up a million dollars.

11. Ideally the remedy for this situation is quite simple. The Canadian Government should work out an annual programme of funds available for all projects. This would go up for parliamentary approval along with the annual estimates. Within the total approved by Parliament there would be a certain limited amount of discretion allowed to the Government; while most money would be earmarked a certain modest amount would not be. Additional money would only be asked in any year in the

face of a very grave and unpredictable situation; Korean relief is perhaps an example.

12. It is suggested above that each year's programme should include a modest amount that is *not* earmarked for any particular project. The proposal is that this amount would be put by Parliament at the disposal of the Government to meet needs that could not be foreseen when the programme was placed before Parliament but that had to be met before the next annual programme was presented. This proposal is certainly not one that will commend itself, without explanation, to the Government or to Parliament. Nevertheless, it is important. Two of the main purposes of the proposed arrangements are (i) to promote orderly and consolidated consideration of external aid proposals and (ii) to provide for emergencies. Neither of these will be achieved if there is no elasticity within each annual programme and if piecemeal consideration of additional items is still needed. The bulk of the programme would be earmarked; but a certain amount, small in relation to the total, would not be. Certain broad restrictions would, of course, be placed by Parliament on the use of this amount, but it would not be tied to a particular purpose.

13. In working out annual programmes over a period of years two sorts of decision would be needed: decisions regarding the total sum to be made available and decisions regarding the individual programmes. These decisions would, of course, be inter-related.

14. Decisions would have to be reached on the projects that should be met in full, the projects that should be met in part, and the projects in which Canada ought not to participate at all. In short, over a period of time, we would have to try to work out some system of priorities in our international aid programmes. Priorities would have to be based chiefly on the four following factors and decisions between them would have to be made by Ministers;

(a) General programmes in which all members of the United Nations should share according to some recognized scale — e.g. UNRRA, UNICEF and IRO.

(b) Items for which Canada had in the past incurred special commitments.

(c) Items for which Canada had special responsibility.

(d) Items under which Canadian political and commercial interests might be advanced by contributions.

15. Decisions on individual projects would also be influenced by the total to be made available each year. The sum would, presumably, bear some relationship to what seemed desirable (or even respectable) in the international world we live in. In short, a Canadian contribution to an International Community Chest would be under consideration. We would have to pay attention to the needs, to our own capacities, and to the behaviour of other contributing countries.

16. The four preceding paragraphs sketch an ideal system. It is neat and logical. Unfortunately it cannot work out quite so neatly and logically in practice. It is not certain how far the Government or Parliament will really accept the theory of an "International Community Chest". It is also not certain whether, granted this theory, the Government will be willing to ask Parliament to grant any elasticity within the total sum to be made available. However, despite these difficulties and disad-

vantages, it is submitted that the general policy outlined in the foregoing paragraphs is the one which should be pursued.

17. If this policy is adopted the position of Canadian representatives in international discussions will be greatly changed. The total available from Canada will be known to all in advance. If one under-developed group succeeds in getting larger amounts from Canada it will be at the expense of others; they will compete instead of gang up. Our representatives will not feel bound to fight each item separately — and get committed to contributions in the course of the battle.

18. It would help the Canadian Government, both in its relations with Parliament and its relations abroad, if other important "contributing" countries adopted the same sort of approach. The United States is feeling its way towards the policy or policies suggested above. The Gordon Gray Report suggests the overall rate at which United States external assistance should be provided and gives advice as to the division of the assistance. This Report comes pretty close to being the policy of the United States Administration. Last year, for the first time, U.S. foreign aid programmes were consolidated before they were presented to Congress; this year the same policy is being followed. If the Canadian Government decides to adopt the same line it may be desirable to explore the outlook with the United States authorities and also, perhaps, with the United Kingdom and Australian authorities.

19. One further word should be said about the risk of sliding into financial commitments. (See paragraph 10(c) above). This risk is not confined to financial questions. It arises in matters that appear at first sight to be purely political. An active foreign policy costs money, even if the policy is apparently confined to purely political affairs.

IV. *The Programme for 1950/51*

20. The basic programme for 1950/51 has been approved by Parliament. Cabinet may be asked to approve an additional item (further funds for Palestine Refugees). To date, therefore, the programme is as follows:

U.N. Technical Assistance	850,000
Commonwealth Technical Assistance	400,000
I.R.O.	2,100,000
Palestine Refugees	750,000
Palestine Refugees (Possible further contribution)	750,000
TOTAL	5,450,000

Cabinet has approved a further sum not to exceed $8,000,000 for Korean relief, but it is doubtful whether this will in fact be used.

V. *Sketch of a Programme for 1951/52*

21. The programme for the coming year might include the following items.

U.N. Technical Assistance	Uncertain	
Commonwealth Technical Assistance	400,000	
UNICEF	750,000	
Palestine Refugees	1,250,000	(?)
IRO	2,000,000	(?)
Colombo Plan	Uncertain	
Unallocated amount (say)	2,500,000	

VI. *Future Steps*

22. If progress is to be made along the line suggested here other Departments concerned must be consulted. Most important is the Department of Finance. After consultation with that Department a more general consideration might take place in the Interdepartmental Committee on External Trade Policy.

23. After the necessary consideration by officials has taken place the whole question would have to be referred to Cabinet. It appears that approval should be sought for:

(a) The general programming approach involved in the concept of an International Community Chest (paragraphs 11—15 above).

(b) Consultation with other Governments in regard to the same approach (paragraph 18 above).

(c) Residual items in the programme for 1950/51 (paragraph 20 above).

(d) A programme for 1951/52 (paragraph 21—22 above).

LIST OF CANADIAN CONTRIBUTIONS TO EXTERNAL RELIEF AND DEVELOPMENT 1945-1951

For fiscal years April 1945 to March 1951
(figures in millions of dollars)

	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	Total
CREDITS							
Advances to foreign governments under Export Credit Agreements	67.4	267.4	132.6	70.2			537.6
Advances under loan to U.K.		640.0	368.0	37.0	120.0	20.0	1,165.0
TOTAL CREDITS	67.4	907.4	500.6	107.2	120.0	20.0	1,722.6
GRANTS							
UNRRA	142.9						142.9
Military Relief	34.5						34.5
Mutual Aid			16.9	.3			17.2
Post-UNRRA Relief						.85	.85
U.N. Technical Assistance							
Commonwealth Technical Assistance						.4	.4
I.R.O.			5.5	5.4	5.8	2.1	18.8
U.N.I.C.E.F.					1.1	.6	1.7
Arab Refugees						.75	.75
TOTAL GRANTS	177.4		22.4	5.7	6.9	4.7	217.1
TOTAL CREDITS AND GRANTS	244.8*	907.4	523.0	112.9	126.9	24.7	1,939.7

* In this year Mutual Aid amounted to $766.9 millions.

274. DEA/11856-40

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

[Ottawa], June 16, 1951

COMMUNITY CHESTS — NATIONAL AND INTERNATIONAL

On January 29th you sent our memorandum on the International Community Chest to Dr. Clark. On April 25th I asked you whether you wished to follow the matter up, since we had not heard from the Department of Finance. You replied that we should give it about a month's hoist.

2. Mr. Reid and I had a talk with Mr. Bryce on this matter yesterday morning. Various points emerged:

(a) If we are going to get Canadian contributions to international assistance on a regular basis there may be something to be said for making that basis statutory. Therefore we might ask the Minister to consider the introduction of a bill into Parliament in 1952 providing for regular contributions. The most effective way of achieving this result would probably be to set up a "revolving fund". A certain amount of money would be set aside and the general purpose laid down in the legislation. Each year subsequently the Government would seek an annual vote to bring the fund back to its original value and at that time would explain and defend all expenditures made out of it in the interim.

(b) The Department of Finance (Messrs. Bryce and Pollock) are doubtful whether it is safe for the Canadian Government to set up such a national fund unless and until the United Nations itself sets up an international fund on a similar basis. They are afraid that if there is Canadian money "lying about" the pressures on the Government to make it available will be irresistible. There is some strength in this point although I personally would not want to make Canadian action dependent upon United Nations action in the parallel field. The danger of pressure on an international community chest held and administered by the United Nations might well be even more serious than the dangers to a national Canadian chest. These, however, are matters which may be explored further.

3. There is probably not much point, just at the beginning of the summer holiday season, in pushing the Department of Finance to a formal reply to our enquiry last January. The matter might well be taken up with them in September. Meanwhile we ourselves could make some progress along two lines, if you agree:

(a) Our representative at the Economic and Social Council this summer might discuss informally with the United States and United Kingdom representatives what their views are on the proposals we have in mind.[54]

(b) We might ask our Legal Division to make a rough draft of legislation designed to set up a Canadian international community chest on a revolving fund principle. Such a draft might be submitted to the Department of Finance when we approach them in September.[55] [56]

A.F.W. P[LUMPTRE]

275. DEA/11856-40

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], January 14, 1952

CANADIAN CONTRIBUTIONS TO EXTERNAL RELIEF AND DEVELOPMENT

You will recall that about this time last year, on your instructions, a memorandum was prepared on the subject of Canadian contributions to foreign aid programmes. The memorandum outlined the various international relief and economic assistance programmes to which Canada contributes, or is asked to contribute, and emphasized the difficulties and embarrassments arising out of the absence of a clear cut Canadian policy in respect of international assistance programmes. As one means of bringing about a more orderly method of dealing with this growing problem and in an attempt to rationalize Canada's position in regard to external aid, the memorandum suggested a "community chest" approach to the whole field of international relief and development. This would have entailed an annual parliamentary vote to cover all projects and to include a modest amount not earmarked for any particular purpose but to be used, at the Government's discretion, for unforeseen needs which might require immediate action.

(In subsequent discussion a rather different proposal was put forward: Parliament would pass permanent legislation to set up a fund from which the Government

[54] Les deux notes marginales suivantes ont été inscrites à côté de ce paragraphe :/The following two marginal notes were written beside this paragraph:
The US delegates probably could not speak with much authority but they might have some useful personal observations. [H. Moran]
OK [A.D.P. Heeney]

[55] Les deux notes marginales suivantes ont été inscrites à côté de ce paragraphe :/The following two marginal notes were written beside this paragraph:
We should not take too much initiative at the present time H.M[oran].
Not yet [A.D.P. Heeney]

[56] Note marginale :/Marginal note:
Mr Moran/Mr Plumptre I think we should let this stand over until the autumn except for 3(a) p. 2 A.D.P.H[eeney]. June 19

would make expenditures; and each year, when the fund had to be replenished, the Government would defend the expenditures it had made during the preceding year).

2. In late January of last year, I sent a copy of this memorandum to Dr. Clark and asked him for his views. We have had no reply from Clark and have refrained from pressing him, because of his pre-occupation with other matters and his illness in the early summer and because other officers of his Department expressed the opinion that, in view of the lack of enthusiasm exhibited in Cabinet for the Colombo Plan, it was doubtful whether the time was ripe for a more comprehensive proposal.

3. In view of the continuing heavy burden of defence expenditures for the coming fiscal year, I would doubt that this is an opportune time to raise in Cabinet the question of a general programme of foreign aid. My feeling is that the scheme should be set aside until a more favourable climate prevails.

4. A more modest proposal, which you may think worth considering, would be to try to group together in the estimates all the items for international relief and economic assistance and to add a small item to cover unforeseen emergency calls. What I have in mind is a small amount, say not less than $100,000 and not more than $500,000, which could be drawn upon, with the approval of Cabinet, for emergency relief needs which we might want to assist. It would be an additional item under "terminable services"; this vote should, I suggest, be put in the first supplementary estimates. The other items with which it would be associated are: Colombo Plan; the Colombo Technical Cooperation Programme; the U.N. Expanded Programme of Technical Assistance; UNICEF; Palestine Refugees; and Provisional Intergovernmental Committee for the Movement of Migrants from Europe. (The votes for the Colombo Technical Cooperation Programme and for PICME are at present included in the main estimates, but could be removed any time before the end of January and held for the first supplementary estimates).

5. If you think this idea has merit, I shall have a draft memorandum prepared for Cabinet, explaining the proposal for the small additional item with supporting evidence of the desirability of a readily available reserve fund of this kind.[57] The memorandum could illustrate the sort of situation envisaged, by reference to Greek relief, the earthquake in Ecuador, the Po River Valley flood, and the several requests received last year from the Secretary-General for emergency supplies for Korean refugees and civilians. (Do you think that "food for Yugoslavia" should also be used as an illustration?)[58]

A.D.P. H[EENEY]

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[57] Note marginale :/Marginal note:
Pray do! L.B.P[earson].

[58] Note marginale :/Marginal note:
No [L.B. Pearson]

CHAPITRE IV/CHAPTER IV

ORGANISATIONS ET CONFÉRENCES INTERNATIONALES
INTERNATIONAL ORGANIZATIONS AND CONFERENCES

PREMIÈRE PARTIE/PART 1

INSTITUTIONS SPÉCIALISÉES DES NATIONS UNIES
UNITED NATIONS SPECIALIZED AGENCIES

SECTION A

ORGANISATION INTERNATIONALE DU TRAVAIL
INTERNATIONAL LABOUR ORGANIZATION

276. PCO

Note du ministre de la Citoyenneté et de l'Immigration et du ministre du Travail pour le Cabinet

Memorandum from Minister of Citizenship and Immigration and Minister of Labour to Cabinet

CABINET DOCUMENT NO. 219-51 Ottawa, August 27, 1951

SECRET

REPLY TO THE I.L.O. MEMORANDUM ON "THE BEST FORM OF INTERNATIONAL CO-OPERATION TO FURTHER EUROPEAN MIGRATION"

1. In January 1951, the International Labour Office circulated a memorandum† in the form of a questionnaire requesting member governments to give "their considered views as to the best forms of international co-operation to further European migration in relation to world economic opportunities and manpower needs, with full appreciation of the financial and other implications of questions raised in this memorandum".

2. The Interdepartmental Advisory Committee on Immigration felt that a formulation in general terms of Canadian policy was desirable before it attempted to answer the specific questions raised by the I.L.O. memorandum.

3. A general formulation of Canadian migration policy having been proposed by a sub-committee and approved by the committee, it became apparent that most questions were too complex to be dealt with in the framework of the I.L.O. questionnaire, and that detailed answers could only be provided if Canada were willing,
— either to appear selfish and uncooperative by answering negatively or evasively,
— or to risk eventual embarrassment and financial commitment by taking a positive stand on semi-hypothetical proposals.

4. Moreover, it is understood the I.L.O. will be submitting shortly specific proposals for enlarged international action in the field of European migration, designed for discussion at the migration conference to be held under I.L.O. auspices in Naples, Italy, in October 1951.

5. The undersigned are of the opinion that there is no obligation to answer this type of questionnaire by specific replies to the questions as framed, and recommends that Canada's reply be limited to a general statement along the lines of the attached.

W.E. HARRIS
M.F. GREGG

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre du Travail
pour le directeur général de l'Organisation international du Travail

Note from Minister of Labour
to Director General, International Labour Organization

Ottawa, August 20, 1951

CANADIAN REPLY TO THE I.L.O. MEMORANDUM ON THE BEST FORM OF INTERNATIONAL CO-OPERATION TO FURTHER EUROPEAN MIGRATION

1. The Minister of Labour of Canada presents his compliments to the Director-General of the International Labour Office and has the honour to convey to him Canada's reply to the Memorandum on The Best Form of International Co-operation to Further European Migration.

2. Canada recognizes that mainly due to the war and its aftermath, there exists in several countries of Western Europe a problem of population surpluses created by large scale displacements of people, by the disruption of national economies, and by the interruption of normal emigration.

3. However, some of the pressure caused by refugees has been successfully relieved by the International Refugee Organization.

4. Canada has co-operated in efforts to provide both short term and continuing solutions to surplus population problems through reception and placement of large numbers of immigrants, and by participation in and contributions to existing international agencies.

5. As an immigration country, Canada is interested in continued immigration from Western Europe within the limits of the absorptive capacity of the Canadian economy as determined from time to time by the Canadian Government.

6. Canada is making sustained efforts to improve the nature and scope of its immigration services.

7. Canada recognizes the value of the technical and advisory services developed by existing international organizations, such as the development of arrangements for the systematic exchange of information; periodical enquiries into European

manpower surpluses and into the needs of immigration countries; the development of international clearance procedures; the establishment of basic standards for occupational examination; the establishment of uniform standard descriptions regarding the qualifications of the various categories of workers; the promotion of the status and welfare of migrants; surveys of the causes, trends, and consequences of migration; and technical assistance in general including the loan facilities of the International Bank.

8. It is, however, difficult at this time to assess the full extent of the practical value of a number of the services which have been but recently developed or are still in process of development. Before lending support to the development of additional services, Canada would have to be convinced that the existing ones are insufficient to meet actual needs.

9. Canada does not consider the assumption of operational activities in the field of migration by an international agency to be imperative for Canadian purposes. However, this shall not preclude the further consideration of detailed plans which may be advanced later.

10. The Canadian Government is of the opinion that its reply to the questionnaire included in the I.L.O. Memorandum should be limited to the foregoing statement, and considers that any attempt to provide detailed answers would be premature. Many questions relate to activities of specific international organizations or agencies and it is considered that such questions can be more properly considered as they arise at meetings of each organization or agency. For instance, items relating to international financing of European emigration are on the agenda of the present Session of the Economic and Social Council. Other questions of a general nature concerning participation in international activities are not capable of intelligent discussion or reply except in relation to specific and concrete proposals. If such are made, Canada is willing to discuss them with the appropriate bodies, subject to certain basic reservations: for instance, Canada would not wish to consider any proposal which did not recognize the right of Canadian selection of immigrants in accord with Canadian standards.[1]

M.F. GREGG

[1] Approuvé par le Cabinet, le 5 septembre 1951./Approved by Cabinet, September 5, 1951.

277. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 252-51 Ottawa, September 25, 1951

CONFIDENTIAL

MIGRATION CONFERENCE CALLED BY THE INTERNATIONAL LABOUR ORGANIZATION

The International Labour Organization has called a Conference, to open at Naples on October 2, to consider a plan which it has put forward for the establishment of an ILO Migration Administration.[2]

2. This plan has been carefully considered by the Inter-Departmental Advisory Committee on Immigration, in the light of:

(a) The approaching dissolution of the International Refugee Organization on December 31, 1951;

(b) The extent to which the Canadian Government might favour the continuance of all or part of IRO's work by some form of international body;

(c) The views of the United States Administration and Congress, which are crucial to the success of any international migration organization.

3. According to the best information which our Embassy in Washington has been able to obtain, the United States Administration, after studying the ILO proposals, considered that these needed substantial modification. However, as the Senate House Conference Committee has made the granting of up to $10 million to assist migration, contingent on its not being used by any organization which includes in its membership Communist-dominated nations (i.e., the ILO), the Administration's plans regarding the ILO proposals have had to be abandoned, at least for this year. The State Department does not therefore consider it possible for the United States Delegation at Naples to discuss the organization that should be established to deal with migration or to support the establishment of any organization. The United States Delegation may be able, however, to discuss the general nature of a long-term migration programme.

4. Therefore, since the United States Administration does not feel in a position to support the ILO proposals, and since the IRO will cease activities on December 31, 1951, the U.S. State Department considers it essential to establish an ad hoc interim organization to carry on operations during the coming year, and having as its members both immigration and emigration officials of other interested countries. The State Department expects that it will be necessary to call a special conference on

[2] Le chef de la délégation était le directeur de l'Immigration, C.E.S. Smith.
The Canadian delegation was led by C.E.S. Smith, Director of Immigration.

this subject. This conference, which could arrange to take over the ships and other physical facilities at present operated by IRO, would probably take place in Washington some time in the latter part of November.

5. While the Committee considered that Canada, in relation to other overseas countries interested in European migration, was well equipped to handle immigration under bilateral agreements and without the assistance of an international agency, it nevertheless recognized that since shipping facilities might continue to present difficulties for some time ahead, Canada should be prepared to consider the proposal made by the U.S. Government to set up an ad hoc interim inter-governmental agency.

6. Accordingly, *it is recommended* that the Canadian Delegation to the ILO Migration Conference at Naples be issued with the following instructions:

(i) It should neither initiate nor support, in the first instance, any proposal for an international migration organization of an operational character;

(ii) It should stress:

(a) that so far as Canada's own immigration activities are concerned, Canada does not consider there is any need for a permanent international organization in the field of migration;

(b) that in any circumstances, and regardless of the nature of the organization, Canada will retain complete control in respect of selection, standards, and numbers of immigrants;

(iii) It should not support the ILO proposals, and should support any move which develops to have the ILO proposals deferred for future consideration.

(iv) Since the United States Delegation will not be able at this meeting to discuss the organization which should be established to deal with migration or to support the establishment of any organization, either long-term or short-term, but will be confined to discussing the general nature of a long-term migration programme, the Canadian Delegation should confine itself to joining in such general discussion as may develop. In this connection it should:

(a) emphasize the necessity for limiting the scope of any proposed operational activities in order to avoid duplication with those provided by existing organizations;

(b) oppose extension of the scope of the current technical assistance being offered by the ILO, pending greater opportunity for appraisal of these activities;

(c) examine the validity of ILO estimates of the annual European immigration movement and the capacity of interested immigration and emigration facilities, including assisted passage, so as to permit proper appraisal of any proposals to establish an international European migration agency.

(v) Since this conference will be followed on October 18 and 22 by the annual meeting of the IRO Executive Committee and General Council in Geneva, and some time in November by the proposed Washington Conference, the Canadian Delegation should examine any recommendations that may be made by the Naples Conference in the light of their possible effect on the two succeeding conferences.

(vi) In the event that alternative proposals to the ILO plan are put forward, the Canadian Delegation should examine them in the light of the foregoing principles and refer to Canada for further instructions if a point is reached where a decision has to be taken on the merits of any particular plan.[3]

W.E. HARRIS

DEA/74-V-40

278.

Le secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies
au secrétaire d'État aux Affaires extérieures

Secretary, Permanent Delegation to European Office of United Nations,
to Secretary of State for External Affairs

DESPATCH 440 [Geneva], October 25, 1951

CONFIDENTIAL

ILO MIGRATION CONFERENCE, NAPLES

In my letters to Mr. Heeney dated October 3rd,† 8th,† 10th,† and 15th,† I attempted to describe proceedings at the Migration Conference, convened by the International Labour Organization, which was held in Naples, Italy, from October 2nd to 16th. There is perhaps not much of interest to be added to those informal accounts, but it may be useful if I record in one despatch the main facts concerning the Conference, my observations with respect to the proceedings, and the results of our deliberations.

2. It will be recalled that the Preliminary Migration Conference held in Geneva from April 25th to May 9th, 1950, recommended in its general resolution that the I.L.O. should:

(1) suggest the best form of co-operation on the international level with a view to the achievement of the aims set forth in the resolution; and

(2) draw up, after consultation with the Governments concerned, appropriate proposals for submission to them at a subsequent meeting.

3. The proposals which the I.L.O. submitted to the Naples conference included plans for an elaborate Migration Administration to be directed by a Migration Administrator who would report to the Director-General of I.L.O. It is, of course, an arguable point, but my own impression is that this project was hardly justified in view of the replies from Governments to the I.L.O. questionnaire; and in fact, at least the early drafts of the proposals were prepared long before replies from Governments had been received. The recommendation of the Preliminary Migration Conference, therefore, that the I.L.O. draw up its proposals "after consultation with the Governments concerned" was apparently not taken too seriously by the Secreta-

[3] Approuvé par le Cabinet, le 26 septembre 1951/Approved by Cabinet, September 26, 1951.

riat, and as a result it is questionable whether the proposals submitted to the Naples Conference were in reality "appropriate".

4. However, it may be wrong to criticize the Secretariat for having been imaginative; and it would be a harsh accusation to suggest ambitions for empire-building — though certainly whispers to that effect have been current. The sincerity of the Secretariat, and its reliability as an international civil service, was tested after rather than prior to the opening of the Conference, for it became clear during the early meetings that the I.L.O. proposals had no chance of success. At that stage honest civil servants and sincere humanitarians should have abandoned unrealistic ideals and co-operated with the representatives of Governments to seek other solutions for the problems of European surplus population. The I.L.O. Secretariat, however, or more specifically, Mr. Jef Rens, Assistant Director-General and senior official at the Conference, and Mr. C.W. Hepler, Chief of the Manpower Division, did not meet these tests: rather, after some minor and ineffectual scheming, they relapsed into sulks broken by occasional shows of thinly disguised temper.

5. It was the United States which struck the first blow to the I.L.O. aspirations by stating that they were not at this time prepared to discuss the establishment of an international operational agency in the migration field. Australia also shared this view, although they indicated that they would be prepared to consider closer intergovernmental co-operation along more modest and more practical lines than envisaged by the I.L.O. Argentina expressed itself as against any international migration organization or any expansion of migration activities of existing agencies, and Venezuela stated that they did not agree with the conclusions of the I.L.O. that a new international agency was necessary. The Canadian Delegation joined its voice to others which felt that the need for international operational machinery had not been established, and the Canadian position was summarized in the following words by the Head of our delegation at the conclusion of a statement made to a plenary session of the Conference:

"Although we are not able to accept the specific proposals put forward by the I.L.O., we shall continue to give sympathetic consideration to the migration problems of other countries and to co-operate willingly in seeking solutions for those problems which can be clearly demonstrated to us."

6. This was a formidable expression of opinion on the part of immigration countries against the I.L.O. proposals, and it was obvious that plans for a Migration Administration could not succeed. Yet the United Kingdom persisted in urging, and was virtually alone in so doing, that the I.L.O. proposals should be considered in detail by the Conference. Of course, as I explained in earlier letters to Mr. Heeney, this was largely the Ministry of Labour viewpoint, apparently not shared by the Foreign Office and Treasury Officers on the United Kingdom Delegation who believed that the Labour people had acted much too independently and had not invited adequate consultation on a sufficiently high level before drawing up their own instructions for the Naples Conference.

7. The French Delegation studiously avoided all reference to the main problems during the early stages of the Conference, and in a statement during the general debate in plenary they dealt only with conditions in France with nary a reference to

the I.L.O. Subsequently, however, no doubt influenced by implications of support for a modest form of inter-governmental body, the French, with support from the Belgians and Italians, became the main proponents of what eventually emerged as a proposal for the establishment of a Consultative Council on European Migration. With no lack of modesty the French reminded the Conference of their efforts to achieve this concrete proposal and of the "concessions" on their part which it implied; and although they could not accept the I.L.O. plans for a Migration Administration, they deplored the criticism of I.L.O. which had been expressed by others. In point of fact, no one else had said any more than the French at that moment admitted, i.e. that the I.L.O. proposals were unacceptable; and there was a smack of hypocrisy in the French position which many delegations, including our own, found unpalatable.

8. This impression was not dissipated by a statement delivered towards the end of the Conference by Mr. Ramadier, French chairman of the Governing Body, who pointed a finger at the United States by saying it was that country which had urged I.L.O. not to go on making conventions, but to take action; and as a result of that injunction, Mr. Ramadier added, the Director-General produced proposals for action in the migration field "and immediately doubts were expressed by those very people" who had called for action. I am given to understand that Ramadier's references to the United States were even more rude in an earlier text, but he had been persuaded to tone them down. Yet this was the man who sat in the French chair at the budget session of the Governing Body and took the lead in insisting that the Director-General pare his budget estimates to the bone.

9. Another significant statement made towards the end of the Conference was that of Mr. Rens, Assistant Director-General, who replied to the general discussion, and took that opportunity for a rather petulant apology for the I.L.O. proposals. Mr. Rens said, "What threatens the plans of the International Labour Office is not constitutional objections or technical objections. It is for reasons on which I will refrain from commenting that attempts have been made in some quarters to restrict our activities."

10. In other words, the Secretariat clearly adopted a "bloody but unbowed" attitude which was of no assistance to the Conference, and which, by lowering the prestige of the individuals concerned, was a disservice to the organization which they represented.

11. The only other group opinion which I need mention was that of representatives of organized labour, namely the workers' members of the Governing Body, and the spokesmen for the International Confederations of Christian Trade Unions and of Free Trade Unions. From those speakers we heard pleas for action, and not being satisfied with the work of the Conference the representative of the Free Trade Unions threatened in a burst of oratory that if the Governments did not act, the workers would act themselves. There was no mention, however, of the part which organized labour has played in restricting the numbers of persons admitted to countries of immigration, a fact which has influenced some governments to approach migration problems with caution.

12. Such was the temper of the Conference. What emerged, despite the confused background, were reports† of two committees, one on medical selection of migrants and one on programme. With certain reservations these reports and the draft resolutions attached thereto were adopted by the Conference. Copies of these reports were forwarded with earlier letters but to provide a complete record I shall attach to this despatch three additional copies of each report.

13. The committee on medical selection sought to establish basic principles and criteria for medical examination of migrants. Resolution No. 1 attached to the report of that committee sets out general principles and criteria for examination, and the resolution was adopted unanimously subject to a reservation of Canada with respect to paragraph 13: Canada could not accept the provision that medical files of rejected candidates should be returned to the medical authorities of the countries of emigration.

14. Resolutions 2, 3 and 4 were adopted without reservations. No. 2 recommends studies aimed at the adoption of more detailed uniform criteria. No. 3 recommends that groups of experts study the problem of medical criteria for migrants seeking employment which requires special physical ability. The final resolution, No. 4, recommends that committees of experts study the difficulties with respect to applying the general principles outlined in resolution No. 1 when candidates suffer from certain diseases such as tuberculosis, venereal disease or trachoma.

15. The most important resolution to emerge from the programme committee is that attached as annex 1 to the committee's report. The operative part of that resolution recommends "the establishment of a Consultative Council on European Migration for such period as may be necessary to consider questions of policy in connection with migration from Europe." The functions of the Council are made more precise in sections (a) to (f) of paragraph 1 of the operative section, but any suggestion that operational functions be performed has purposely been omitted: in fact, paragraph 3 specifically states that "the Council should not undertake operational functions."

16. The Council is to be composed of representatives of governments and is to report only to those governments. It is also provided that from among the members of the Council an Executive Committee should be established, and that a secretariat be appointed "which might be made available from the technical staffs of the International Labour Office and other international organizations." The reference to I.L.O. secretariat is permissive, and it is clear that the Council is intended to have no organic connection with the United Nations or any specialized agency.

17. Paragraph 9 of the resolution further recommends that governments "consider most urgently making such arrangements among themselves as may be necessary to deal with difficulties in the field of the transport of migrants." This recommendation will presumably be implemented when the United States in the near future calls, or arranges to have called, a special conference to consider the maintenance of the shipping division and certain other technical services of the I.R.O.

18. This resolution was adopted by the Conference, but with numerous reservations, including recorded abstentions by the United States, Australia and Canada. The Australian representative had originally intended to support the resolution,

subject to confirmation by his Government, but he was so antagonized by the attitude of Mr. Rens towards his delegation that he decided to abstain; and at the last moment he received a message from Canberra instructing him to take that course. The Australian abstention, however, was not applied to paragraph 9 dealing with transport of migrants. Argentina also reserved its position; Brazil, Chile, Peru and Venezuela reserved their positions with respect to the inclusion of a reference to refugees in paragraph 9; and at the Committee stage the United Kingdom, Brazil, Chile, The Netherlands, and Germany reserved their positions with respect to financial commitments — though most of these reservations were subsequently dropped after an assurance that no financial commitment was implied at this stage, and paragraph 10 of the report contains a statement to that effect.

19. Although Canada reserved its position pending an opportunity for further study, it may well be that we shall eventually participate in the work of the Council, if it is established. As an important country of immigration we might be able to contribute from our experience something of value to other countries; and although it is unlikely that we should gain much for ourselves, the rather mild form of intergovernmental consultation which is envisaged can hardly hinder, and might help, even us. However, this is a matter which will have to be studied in the light of subsequent developments.

20. The other annexes to the programme committee's report involved much less discussion. Annex 2 is attached only for information. Annex 3 is a resolution on advisory and operational services, and the United States and Canada stated that they wished to vote against paragraphs 5 and 6 in the absence of adequate evidence to justify the expansion of I.L.O. activities mentioned therein. Canada recorded an abstention on this resolution as a whole in view of our objection to the particular paragraphs. Peru also reserved its position with respect to this resolution.

21. Annex 4 contains conclusions with respect to transport. It was agreed that international financial assistance would "to a definite though limited extent" permit increased migration; that Governments should make arrangements among themselves to solve transport difficulties; and that a committee of experts should consider the need for international standards for the accommodation and welfare of migrants on board ship. These conclusions were approved with a reservation by the Delegate of Peru.

22. Annex 5 is a resolution requesting the I.L.O. to convene a meeting of experts to consider accommodation and welfare of migrants on board ship, and to consult with the International Civil Aviation Organization and other appropriate international bodies concerning the safety and welfare of migrants transported by air. The position of the Peruvian Government was also reserved with respect to this resolution, which was otherwise adopted unanimously.

23. Final Conference documents have not yet been issued, but copies will be forwarded to you as soon as they are available.

N.F.H. BERLIS

SECTION B

ORGANISATION INTERNATIONALE POUR LES RÉFUGIÉS
INTERNATIONAL REFUGEE ORGANIZATION

279. DEA/5475-T-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation au Comité exécutif et Conseil général
de l'Organisation internationale pour les réfugiés

Secretary of State for External Affairs
to Head, Delegation to Executive Committee and General Council
of International Refugee Organization

DESPATCH V-UNNUMBERED Ottawa, March 22, 1951

CONFIDENTIAL

I am happy to learn that you will be willing to head the Canadian delegation to the Ninth Session of the Executive Committee and the Seventh Session of the General Council of the International Refugee Organization which will take place in Geneva commencing April 4 and April 9 respectively.[4] The other members of the delegation will be Mr. Berlis, who has attended a number of IRO meetings and is well acquainted with the background of the subjects to be discussed, Mr. Boucher of the Department of Citizenship and Immigration, who will be in a position to convey to you detailed views of the interested Departments in Ottawa, and a representative of the Department of Labour, who has not as yet been named but who will probably come from one of the European Missions.

2. The most important subject which is likely to come up for consideration is the continuance of IRO operations beyond September 30, 1951, the cut-off date previously established by the General Council. The reason for the proposal to continue operations beyond this date is that the movement of eligible refugees to the United States has been much slower than anticipated because of administrative difficulties under the newly amended United States Displaced Persons Act and the United States Internal Security Act. According to the Director-General "the United States programme would fall at least 30,000 short on June 30, 1951, of the number for whom visas are authorized". Increased resettlement of IRO refugees in Canada will probably off-set this decrease to some extent, but by no means altogether. A further difficulty is that the provisions of the United States Displaced Persons Act lapse on June 30, 1951. We have been given to understand by the United States Embassy that Congress may advance the date of expiration of the Act from June 30, 1951 to January 1 or July 1, 1952, "in order to give more time for processing the full numbers admissible under the Act. For this reason the United States Government favours action at the forthcoming meeting of the IRO General Council in April 1951, continuing IRO operations after September 30, 1951, until such date as one

[4] Le chef de la délégation était Victor Doré, ministre en Suisse.
The Canadian delegation was led by Victor Doré, Minister in Switzerland.

of the following conditions may arise which would necessitate final closing of IRO operations: (a) that all refugees in Europe available for resettlement have been resettled; (b) that receiving governments are no longer able, or willing, to accept further refugees; (c) that IRO funds have been exhausted".

3. The Canadian delegation may vote in favour of an extension of IRO's activities beyond September 30, 1951, provided that a reasonable case for doing so is presented by the Director-General and no further contributions will be required from member governments to finance the additional period of operations. In particular, the Director-General should be asked to provide satisfactory evidence that the continuance of IRO's activities will ensure the resettlement of sufficient numbers of additional eligible IRO refugees to justify the cost of retaining the administrative services of the Organization. The delegation should not support any proposal to include additional classes of refugees within the mandate of IRO unless the Director-General gives assurances that their inclusion can be financed from the Organization's present resources. In any event, IRO should cease operations as soon as it has expended the funds which are available at the present time.

4. Another question which will probably be considered during the Geneva meetings in the disposition of the so-called institutional "hard core", the persons under IRO care who because of old age or disability must be treated in institutions and cannot therefore qualify for immigration under normal schemes. We have recently been approached by the representative of the IRO in Canada to ask us to consider a proposal for contributing to solving the "hard core" problem. The details of this proposal, which would cost approximately $1,500,000, are under consideration in Ottawa. If necessary, you may say that the Canadian Government is considering the problem, but you should be very careful to make no commitment nor even to imply that there are reasonable grounds to expect that Canada will accept this proposal. I will not in this despatch outline the details of this problem or the contribution we have been asked to make, as Mr. Berlis has been kept fully posted. If any further decisions on this matter are taken before the Council meeting in Geneva, we shall of course let you know.

5. Another question with which the Executive Committee will be asked to deal is the appointment of Mr. Kingsley, the Director-General of IRO, as Agent-General for Korean relief. Mr. Kingsley accepted the appointment as Agent-General for Korean relief several months ago, subject to the approval of the Executive Committee of the International Refugee Organization. The Executive Committee therefore will be asked to say in fact that it has no objection from the point of view of IRO to Mr. Kingsley's accepting the other appointment while still carrying on as Director-General of IRO. We have had considerable doubt as to the wisdom of this double appointment, primarily because we did not think that so difficult an operation as Korean relief could well be directed from Geneva during the next few months. Our principal objection has been due to our concern over the administration of Korean relief rather than our concern over the direction of the IRO, and it might therefore be more appropriate to register our objections in those bodies in which Korean relief is considered. Nevertheless, you should, during the meetings, seek an opportunity of querying the feasibility of Mr. Kingsley's carrying both jobs. I do not suggest, unless you receive further instructions, that you should press these objec-

tions to the point of opposing Mr. Kingsley's appointment as Agent-General for Korean relief, but you should press your enquiries until you have received assurances that the two positions can be held simultaneously without harmful effects on the operations of either programme. You should insist, in any case, that the question of whether Mr. Kingsley should carry on as Director-General of IRO should be examined again at the next IRO meeting, which will presumably take place in September, after we know whether IRO will extend its operations beyond September 30, and after a six months' "trial period" has elapsed during which Mr. Kingsley will have held both positions. You will find that on this subject as well Mr. Berlis has been kept fully posted and has at our request discussed the question with officials of the IRO.

6. If any further instructions should prove necessary, we shall send them by telegram to the Geneva office.

A.D.P. HEENEY
for Secretary of State
for External Affairs

280. DEA/5475-T-40

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to European Office of United Nations

TELEGRAM 27 Ottawa, April 11, 1951

CONFIDENTIAL. IMPORTANT.

Following for Doré, Head of Canadian Delegation to IRO.

At an interdepartmental meeting on Monday, April 9, attended by the Deputy Ministers of Labour and of Citizenship and Immigration, keen disappointment was expressed over the failure of IRO to live up to its promise to fill certain specified labour quotas for the month of March. Prospects for April are no brighter. As a result, other sources of supply, particularly of farm labourers, are being canvassed at considerable inconvenience.

2. Dawson of Labour informs us that Lamarre and Berlis are fully acquainted with the situation. The main reason given at the meeting for IRO's failure was poor organization. Other reasons advanced were a desire on the part of many IRO officials to prolong their jobs and thus to delay movements, and disinterest on the part of many refugees on IRO rolls to leave their present homes. While it may be too late for IRO to undertake a reorganization of its methods and techniques, the meeting was strongly of the opinion that we should take some steps to bring our dissatisfaction officially to the attention of the Director-General in the hope that he might be able to make more labourers available of the types which we have requested.

3. I should be grateful if you would consult with Lamarre and Berlis and then approach the Director-General, or one of his senior assistants, to register our disap-

pointment and to impress upon him our desire that the labour quotas which our Labour officials and IRO officials previously agreed upon are as nearly filled as possible.

281. DEA/5475-T-40

Le chef de la délégation au Comité exécutif et Conseil général de l'Organisation internationale pour les réfugiés au sous-secrétaire d'État aux Affaires extérieures

Head, Delegation to Executive Committee and General Council of International Refugee Organization, to Under-Secretary of State for External Affairs

LETTER NO. 167 [Geneva], April 17, 1951

CONFIDENTIAL

Reference: Your telegram No. 27 of April 11th, 1951 to Canadian Delegation, Geneva.

I.R.O. LABOUR QUOTAS

Upon receipt of your telegram I arranged to see Mr. Kingsley, Director-General of I.R.O., and Mr. Jacobsen, Assistant Director-General in charge of operations. I was accompanied at this meeting by Mr. Lamarre of the Department of Labour, Mr. Boucher of the Department of Citizenship and Immigration and Mr. Berlis of our Permanent Delegation in Geneva. The information given in your telegram was transmitted verbally to Messrs. Kingsley and Jacobsen and as a matter of record I handed to them a memorandum† explaining the reasons for the dissatisfaction of the Canadian Government with respect to the failure of the I.R.O. to fill labour quotas and expressing the hope that these quotas might be filled as nearly as possible. A copy of my memorandum is attached for your information.

2. In reply, Mr. Jacobsen pointed out that when agreement was reached last autumn with respect to Canadian labour quotas, the I.R.O. understood that arrangements would be made for families to accompany workers and it was also believed that Canadian selection would take place in outlying areas, such as Greece, and would include newly arrived refugees. Although Mr. Jacobsen said that he understood very well the reasons why it had not been possible to permit families to emigrate with workers, he did feel that at this late date in I.R.O. operations and in view of the tense international situation the fact that immigrants were required to leave their families in Europe deterred a large number from accepting the Canadian schemes. Moreover, although he could not question our security precautions, he believed that the best candidates were now available among newly arrived refugees in outlying areas and so long as these groups were not considered for Canadian selection, our quotas must necessarily be reduced.

3. As an additional reason for failure to meet the Canadian quotas, Mr. Jacobsen mentioned the large number of persons tied up in the United States programme and

he claimed that I.R.O. officials were doing everything possible to counsel refugees to apply for Canadian selection. I was also told that the I.R.O. was experiencing some difficulty in popularizing the Canadian programmes at this date after the intensive publicity which had been given to the Australian programme over a period of years. As Mr. Jacobsen explained, "it is difficult to persuade refugees overnight that Canada is the best country in the world when we have been telling them for the past few years that Australia was the best country in the world".

4. Mr. Kingsley and Mr. Jacobsen maintained that they, too, were most dissatisfied with the results of their efforts to meet Canadian labour quotas and they assured me that they would do everything possible to improve this situation. The I.R.O. efforts at improvement, I understand, will include more intensive counselling and a thorough examination of I.R.O. field machinery. A study is also being made of the advisability of applying sanctions against refugees pre-selected for labour schemes who do not respond to calls for visa action.

5. Despite efforts at improvement, however, it is anticipated that I.R.O. will fail to meet Canadian quotas by a number between 4,000 to 8,000 workers. I emphasized that this was a most unsatisfactory situation, and I believe that Mr. Kingsley and Mr. Jacobsen appreciate the reasons for our concern. It is my hope that in view of my representations all possible steps will be taken to obtain better results in future.

6. A memorandum† prepared by the I.R.O. and summarizing their reply to my representations is attached for your information.

VICTOR DORÉ

282. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 173-51 Ottawa, May 21, 1951

CONFIDENTIAL

IRO "HARD-CORE" CASES

The International Refugee Organization has proposed that Canada guarantee the admission as immigrants of 1,000 T.B. "hard-core" cases after cure in Europe. The total cost of cure is estimated at $2,500 per person and the IRO has set aside $1,000 per case. Canada would be expected to contribute the additional $1,500 required. The IRO has requested that Canada accept cured T.B. cases as soon as released from hospital or reduce the waiting period after cure.

Under the Canadian Immigration Act it would not be possible to make a prior commitment for the admission of Displaced Persons now suffering from tuberculosis. If the present two-year waiting period after release from hospital is eliminated

approximately forty per cent of the cases may be expected to suffer a relapse and would require institutional care in Canada. In addition, it would be difficult to reconcile the Canadian standards for cure with those which obtain in Europe.

The following alternative proposals have been discussed by the Interdepartmental Committee on Immigration with representatives of the Privy Council Office, External Affairs, National Health and Welfare, Finance, Labour, Agriculture, Citizenship and Immigration in attendance:

(1) A special Immigration team would interview IRO "hard-core" cases with a view to the selection of workers who could be placed or established in Canada. Workers selected by this special team would be admitted to Canada with their families even if one (or more) of the dependents are certifiable under Section 3 (c) of the Immigration Act. In such cases the worker would be required to agree to precede his dependents to Canada. As soon as suitable arrangements for the reception of the family unit are made by the head of the family or working members, the dependents would be allowed to proceed to Canada. The IRO would provide funds for transportation.

(2) The Canadian Government would accept 125 T.B. cases. This group would be selected by a special Immigration team in Europe and allowed entry to Canada as non-immigrants for treatment in the Department of National Health and Welfare Hospital at Rockhead, Halifax, N.S. The IRO would contribute the $1,000 already allotted for the cure of T.B. "hard-core" cases and the Canadian Government would bear the remaining cost of cure which it is estimated would be approximately $500 per case. It is anticipated that with proper medical supervision in Canada carefully selected cases could be cured rapidly at considerably less cost than that which would be occasioned by providing for such treatment in Europe. After cure, these persons would be granted a landing in Canada. Careful attention in selection would be given to those family units which are prevented from coming forward to Canada because a member of the family is suffering from tuberculosis. The family unit would be allowed to come forward to Canada but in some cases this may require the head of the family or working members to come forward in advance of dependents in order that suitable arrangements for the reception of the family may be made.

(3) The Provincial Governments in Canada would be canvassed to ascertain whether a number of IRO T.B. "hard-core" cases would be accepted by Provincial sanatoria on the basis of a per capita payment of $1,000 by IRO.

(4) In the case of aged persons within the "hard-core" group it is felt that possibly some provision could be made for care and maintenance in Canada through religious or other interested organizations.

The Director-General of IRO has indicated that the above proposals would be satisfactory to his Organization and it is, therefore, recommended that they be adopted as Canada's contribution to the International Refugee Organization "hard-core" problem.

W.E. HARRIS

I concur

L.B. PEARSON
Minister of External Affairs

I concur

PAUL MARTIN
Minister of National Health and Welfare

283. DEA/5475-T-40

La délégation permanente auprès de l'Office européen des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to European Office of United Nations to Under-Secretary of State for External Affairs

LETTER NO. 185 Geneva, April 28, 1951

Reference: My letter No. 167 of April 17th, 1951.

I.R.O. LABOUR QUOTAS

Since our discussion with I.R.O. officials on the subject of Canadian labour quotas a few weeks ago, I have continued to keep in touch with the Secretariat in the hope that some solution might be found to the problem which is of concern both to the Canadian Government and to the I.R.O. As a result of these continued discussions, I am now enclosing an aide-mémoire† prepared by the I.R.O. which refers to a specific proposal for a publicity campaign which it is hoped will assist the I.R.O. in meeting our labour quotas in a more satisfactory manner than has appeared probable during recent weeks.

2. The aide-mémoire is not satisfactorily drafted and I have questioned the responsible officials with respect to certain parts of the document. However, it seems advisable to avoid further delay in bringing this matter to your attention and it is my hope that some additional explanation may clarify several ambiguous references in the document.

3. The thought behind the proposal for a publicity campaign is that the Australian and United States programmes have been so widely publicized that many suitable persons within the I.R.O. mandate are aware of those schemes but know nothing of the attractive possibilities in Canada. Despite I.R.O. efforts to overcome this situation through normal counselling, there seems to be no way of reaching the large number of refugees not living in camps and it is this group which the I.R.O. would particularly hope to reach through a concentrated publicity campaign.

4. At the same time the I.R.O. is reluctant to embark on such an enterprise without the assurance that the Canadian Departments of Government concerned would approve of this procedure for some informal conversations held sometime ago led the I.R.O. to believe that the Canadian authorities might not favour such a programme. The Canadian objection would presumably be based on the theory that refugees if they are to become good citizens should be sufficiently interested in Canada to apply for visas without being persuaded by propaganda. The answer to

this objection obviously is that refugees will never express interest in a country about which they know little or nothing and the purpose of the campaign is merely to overcome lack of knowledge.

5. This background will explain the final sentence of the first paragraph in the aide-mémoire which relates to the unenthusiastic response which I.R.O. officials apparently received when the possibility of a publicity campaign was mentioned informally to Canadian officials in Geneva sometime ago. It is my own belief that conditions have changed sufficiently so that any hesitation felt a year ago might no longer be justified now that the Canadian immigration programme has been so greatly enlarged.

6. With respect to the 5th paragraph of the aide-mémoire, I questioned the possibility of obtaining information material from Canada in sufficient time to make possible an effective publicity campaign such as the I.R.O. now envisages. I was assured, however, that the programme will not depend on supplies of information material which would have to be obtained from Canada but that it would be chiefly conducted through advertisement in appropriate newspapers and periodicals as well as through radio networks and newsreels. At the same time, however, the campaign could only be effective if the I.R.O. could enjoy the full cooperation of Canadian Labour and Immigration officials in Europe and the Organization would be reluctant to undertake a publicity campaign without being assured in advance of such cooperation.

7. These same comments will serve to explain the meaning of the 6th paragraph of the aide-mémoire.

8. The 7th and 8th paragraphs of the document suggest that Canada might agree to share the cost of the publicity campaign and I pointed out the obvious objections to such a proposal. I explained that when labour quotas were established last autumn, there was no question of any additional financial contribution by the Canadian Government and there seemed to be no reason why Canada should now contribute additional funds in order to enable the I.R.O. to live up to its promises when presumably our manpower needs might have been obtained through other channels if we had been made aware at an earlier date that the I.R.O. could not do what it had agreed to do. It was pointed out further that the question of financial assistance would require lengthy negotiation and consideration which would make it impossible to undertake a publicity campaign at a time when it might be effective for the specific purpose of meeting Canadian labour quotas.

9. On this question of finances I was assured that it was not intended to delay the publicity campaign merely to obtain a Canadian contribution towards its cost. The I.R.O. feels that as a matter of record the Canadian Government should be invited to participate in meeting the cost of the programme but it is my understanding that the I.R.O. will still be prepared to undertake a publicity campaign even without financial assistance from the Canadian Government. It does appear, therefore that the question of whether or not such a campaign is appropriate might be discussed by the interested authorities in Ottawa without answering immediately the invitation of the IRO for financial assistance.

10. The final paragraph of the I.R.O. document suggests that a publicity campaign if it is to be effective should begin not later than May 7th. It is quite obvious that there would be some delay in seeing any results from the campaign envisaged and as its specific purpose will be to assist in meeting labour quotas urgently required, the campaign should begin as soon as possible. At the same time, I pointed out that there must necessarily be some discussion of this proposal in Ottawa and as rather more explanation is required than would be possible by telegraphic communication, it seems unlikely that the dateline of May 7th can be met. This objection was appreciated and I was informed that the date of May 7th had been inserted merely to indicate the urgency which the I.R.O. attaches to the problem.

11. On more general lines I have been given to understand that the I.R.O.'s chief concern is that the record should show that the Canadian Government has agreed that a publicity campaign should be conducted so that other states members of the Organization will be less likely to suggest that more favourable treatment is being given to Canada than to other countries. Plans have already been prepared for this publicity campaign and it can begin immediately in Germany, Austria and Italy if the Canadian Government will indicate its wish to have such a campaign conducted and its assurance that the I.R.O. will have the collaboration of appropriate Canadian officials in the field. If it is considered that the proposed publicity campaign would be of value, you might wish to inform me by telegram in order that the campaign may be instituted without delay.

12. To provide you with further information concerning this matter, I am attaching a copy of a letter dated April 27th† from Mr. Pryor, Director of Public Information in I.R.O., who has furnished certain explanatory notes as a result of our conversations.

N.F.H. BERLIS

284.

DEA/5475-T-40

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegation to European Office of United Nations

TELEGRAM 46

Ottawa, May 26, 1951

RESTRICTED. IMPORTANT.

Your letter No. 185 of April 28 — IRO publicity campaign.

1. Both the Departments of Labour and of Citizenship and Immigration have agreed that IRO might carry out the proposed campaign in Germany, Austria and Italy. When informing the IRO officials you might explain that the publicity should be appropriate and that great care should of course be taken to avoid making any statements which could be interpreted later as not being in accordance with the facts or any promises which could not be fulfilled. Further, we think that the cost of

the campaign should be borne entirely by IRO. Canadian Labour and Immigration officials in Europe are being asked to cooperate with IRO officials in this matter.

2. We regret the delay in replying. It does not mean that the Departments concerned are not in favour of the campaign, which should be undertaken as soon as possible.

285. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 15, 1951

. . .

INTERNATIONAL REFUGEE ORGANIZATION; 'HARD-CORE' CASES

18. *The Minister of Citizenship and Immigration* reported that the International Refugee Organization had asked if Canada could guarantee the admission as immigrants of 1,000 T.B. 'hard-core' cases after cure in Europe. The average cost of cure was estimated at $2,500 per person for which I.R.O. had set aside $1,000 and Canada had been asked whether it could contribute the additional $1,500 required. The Organization had requested that Canada accept cured T.B. cases as soon as released from hospitals or that the normal two year waiting period after cure be reduced.

The Interdepartmental Committee on Immigration, after reviewing the suggestion, had submitted the following proposals for consideration. The first involved selection by special immigration teams of workers who could be placed in Canada and whose family included one or more T.B. cases. After selection, the worker would be required to precede his dependents here on the understanding that his family, including those members presently inadmissible, would be brought forward as soon as suitable arrangements had been made for their reception. I.R.O. would provide funds for transportation. The second was that the government agree to accept 125 T.B. cases for treatment in the National Health and Welfare Hospital at Rockhead, Halifax, N.S. on the understanding that I.R.O. would contribute $1,000 per individual. The Canadian government would assume the remaining cost which was estimated to be approximately $500 per case. After cure, which would likely be more rapid in Canada, these persons would be granted landing. The third alternative entailed approaching provincial governments with a view to ascertaining whether a number of I.R.O. T.B. cases would be accepted in provincial sanatoria on the basis of a per capita contribution of $1,000 by I.R.O.

There proposals had been concurred in by the Secretary of State for External Affairs and the Minister of National Health and Welfare.

An explanatory note had been circulated.

(Minister's memorandum, May 21, 1951 — Cab. Doc. 173-51.)

19. *The Prime Minister* said that, as the allies had a joint moral obligation in respect of I.R.O. problems, each participating country should bear an appropriate share of the burden arising out of the winding up of the Organization.

20. *The Minister of National Health and Welfare* voiced some doubt as to the advisability of admitting uncured T.B. cases to Canada.

21. *The Minister of National Revenue* pointed out that active T.B. cases admitted to Canada might be carriers of new strains of tuberculosis against which the Canadian population had not built up a resistance and it was possible that any new type of tuberculosis might spread rapidly. In the circumstances, it might be preferable for Canada to incur the heavier expenditures involved in effecting cures in European rather than in Canadian sanatoria.

22. *The Cabinet*, after considerable further discussion, deferred decision on the proposals submitted by the Minister of Citizenship and Immigration with respect to the admission of a certain number of International Refugee Organization 'hard-core' T.B. cases.

. . .

286. DEA/5475-T-40

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

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

CONFIDENTIAL [Ottawa], October 16, 1951

TENTH SESSION OF THE EXECUTIVE COMMITTEE AND EIGHTH SESSION OF THE GENERAL COUNCIL OF THE INTERNATIONAL REFUGEE ORGANIZATION

At its meeting on Monday, October 15 Cabinet approved the instructions contained in the attached memorandum subject to your concurrence. The memorandum was submitted by the Minister of Citizenship and Immigration after it had been drafted by the Interdepartmental Advisory Committee on Immigration.

In brief, the Delegation is instructed to use its influence to see that I.R.O. terminates its operations as scheduled on December 31, 1951 and that Canada is not committed to contributing to any fund for the emergency needs of refugees without further consideration in Ottawa (in point of fact it appears likely that the General Assembly will be asked to consider the establishment of such a fund). In addition, the Delegation is asked to bear in mind the possible advantages of keeping in operation the I.R.O. fleet of ships and movement personnel after the Organization winds up. The United States is considering taking the initiative in calling a conference next month, either in Washington or in France, to decide on making an ad hoc temporary arrangement along these lines.

I should be grateful if you would indicate whether or not you approve of these instructions so that the Delegation in Geneva may be notified. The meetings commence on Thursday, October 18.[5]

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CONFIDENTIAL Ottawa, October 12, 1951

TENTH SESSION OF THE EXECUTIVE COMMITTEE AND EIGHTH SESSION OF THE GENERAL COUNCIL OF THE INTERNATIONAL REFUGEE ORGANIZATION

1. The Tenth Session of the Executive Committee of the International Refugee Organization will open on October 18; the Eighth Session of the General Council of the same body will open on October 22. Both meetings will take place in Geneva.

2. Cabinet approval was granted on October 5, 1951, to the composition of the Canadian Delegation to the above conferences which, in view of the approaching termination of the International Refugee Organization's activities, will be the last to be held.[6]

3. It is expected that the conferences will be principally concerned with winding up the operations of the International Refugee Organization. They will also probably be concerned with any proposals arising out of the Naples Conference of the International Labour Organization.

4. Accordingly *It is recommended* that the Canadian Delegation to the two I.R.O. conferences at Geneva be issued with the following instructions:

(i) It should follow closely the instructions already approved by Cabinet which were issued to the Canadian Delegation to the I.L.O. Migration Conference at Naples.[7]

(ii) It should base its position on the assumption that I.R.O. will in fact terminate its operations on December 31, 1951. There is no evidence to the contrary in the Director-General's report, and both the United States and United Kingdom Governments have informed us that they are proceeding on this assumption. In the event that other governments should seek a renewal of the I.R.O. mandate the Canadian Delegation should assist the United States and the United Kingdom to resist this move.

[5] Note marginale :/Marginal note:
Yes L.B.P[earson].

[6] Le chef de la délégation a été G.L. Magann, ambassadeur en Grèce.
The Canadian delegation was led by G.L. Magann, Ambassador in Greece.

[7] Voir le document 277./See Document 277.

(iii) It should examine critically plans for utilizing the remaining funds of I.R.O. and emphasize the necessity for making the best possible use of the available resources. This will involve a detailed examination of the Director-General's plans, including any operations contemplated during 1952. The Delegation should discourage any proposed activities which might be better carried on by other United Nations bodies such as the Office of the High Commissioner for Refugees.

(iv) It should bear in mind the possible advantages of maintaining programmes that would keep in operation the I.R.O. movement personnel and fleet until the United States has reached a conclusion covering the use of these facilities in any European migration scheme.

(v) It should carefully avoid committing the Government to support any proposals for further contributions to I.R.O. for assistance to refugees. The Director-General of I.R.O. has already suggested the establishment of an international fund "to be used to meet the emergency needs of refugees as they arise." In the unlikely event that suggestions of this nature receive support from major contributors, particularly the United States, the Delegation should request further guidance from Ottawa.

W.E. HARRIS

287.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 25, 1951

INTERNATIONAL REFUGEE ORGANIZATION; "HARD-CORE" CASES

9. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of June 15th, 1951, said that a decision would have to be reached at an early date on the request put forward some time ago by the International Refugee Organization for Canadian assistance in disposing of the remaining "hard-core" problem.

10. *The Secretary of State for External Affairs* pointed out that, of the 46,711 "hard-core" cases (including the blind, the tubercular, etc.) which had already been settled, 26,675 had been accepted for permanent care by various countries and the remainder resettled by other means. There remained a total of 5,613 "hard-core" cases still to be disposed of before the Organization concluded its operation at the end of this year. The total of 26,675 "hard-core" cases accepted for permanent care could be broken down as follows:

Western Germany		9,165
France		7,354
Israel		5,467
United States		1,637
Austria		902
Denmark		310
Netherlands		282
Sweden		259
Belgium		235
Australia		224
Switzerland		207
United Kingdom		183
Canada	160	(all T.B.)
Other countries		290

11. *The Minister of National Revenue* again voiced his apprehension lest acceptance on a wide scale of I.R.O. T.B. "hard-core" cases might introduce new strains of tuberculosis hitherto unknown in this country. In the circumstances he would think it preferable for Canada to contribute funds to I.R.O. for the treatment of an agreed number of these cases in Europe.

12. *The Minister of National Health and Welfare* said that, although he was personally inclined to share the views held by Dr. McCann, he had been given assurances by the medical authorities of his department that the matter had been carefully considered and that there did not appear to be any danger of infection spreading as a result of these admissions.

He added that, although the discovery of 80 active tubercular cases amongst Polish soldiers admitted to Canada at the termination of World War II had constituted a real problem at that time, all these cases had now been discharged from hospital without any apparent resulting difficulty.

13. *The Prime Minister* suggested that more information be secured on the 160 T.B. "hard-core" cases, for which Canada had allegedly assumed permanent responsibility, before reaching a final decision as to what further aid might be extended to I.R.O. towards the solution of the remaining "hard-core" problem.

14. *The Cabinet*, after discussion, noted the reports by the Minister of Citizenship and Immigration and the Secretary of State for External Affairs respecting proposals for Canadian participation in the disposition of the remaining I.R.O. "hard-core" problem and deferred decision pending submission of further information as to the extent and nature of the responsibility already assumed by Canada in this respect.

288. DEA/5475-T-40

Le chef de la délégation au Comité exécutif et Conseil général de l'Organisation internationale pour les réfugiés au sous-secrétaire d'État aux Affaires extérieures

Head, Delegation to Executive Committee and General Council of International Refugee Organization, to Under-Secretary of State for External Affairs

LETTER NO. 452 [Geneva], October, 29, 1951

RESTRICTED

Reference: Your telegrams No. 137† of October 18th and No. 141† of October 20, 1951.

10TH SESSION OF I.R.O. EXECUTIVE COMMITTEE AND 8TH SESSION OF I.R.O. GENERAL COUNCIL

The 10th Session of the Executive Committee of the International Refugee Organization opened at Geneva on October 18th and the 8th Session of the General Council began on October 22nd. Both sessions were concluded on October 27th.

2. There would appear to be no necessity for me to report specifically on the work of the Executive Committee as the discussions which took place in that body were repeated and expanded at subsequent meetings of the General Council. It is therefore my intention to explain the principal decisions which were reached and to refer to some of the more important views expressed during our debates without attempting to specify whether the discussions took place in the Executive Committee or the General Council.

3. During a discussion on the annual report of the Director-General for the period 1 July 1950 to 30 June 1951 (Document G.C./227),† particular attention was paid to Chapter 3 dealing with institutional hard-core cases and the Director-General was able to report that at the time of meeting, there remained only 477 institutional hard-core cases within the I.R.O. mandate for whom reasonably satisfactory arrangements had not been made or were not in progress. This is, of course, a substantial achievement, and although the residual figure includes a large number of persons in Shanghai for whom it appears virtually impossible to provide any satisfactory relief, the administration still hopes that some additional means may be found for reducing the remaining number of institutional cases still further. In fact, during this discussion, the representative of the Netherlands informed the Council that in the spirit of the humanitarian appeal which Her Majesty the Queen of the Netherlands had addressed to President Truman on the subject of refugees, and the reply which was received from the President, the Netherlands Government had decided to grant admittance to a group of between 100 and 200 residual cases and urged other governments to adopt similar measures.

4. With respect to the financial statements, it was apparent from the documents before us and from the explanations given by the Director-General that the I.R.O. is

in a very desirable liquid position with almost all contributions received and with very few outstanding accounts of any importance. There are two principal items which are still the subject of negotiation and these involve settlement of the food credit account in Germany and an agreement with the Australian Government concerning contributions towards transportation costs to that country.

5. The revised plan of expenditure for the supplementary period (Document G.C./239)† which was approved by this Session of the Council, provides for the resettlement of 9,000 additional refugees for $1,300,000 less than the plan adopted at the previous session. The Director-General explained, however, that this plan was based on a combination of favourable circumstances which it was hoped would continue, such as satisfactory use of shipping facilities and the likelihood of making provision for institutional hard-core cases for a smaller figure than previously anticipated thereby releasing $3,000,000 to be applied to other parts of the programme.

6. The revised plan of expenditure was adopted by the Council with the clear understanding that the Director-General would, during the closure period, exercise the utmost caution to ensure that obligations would only be assumed within the limit of available funds so that the I.R.O. might eventually be liquidated in a business-like manner without any outstanding debts.

7. With respect to outstanding claims, the Council adopted a resolution to be transmitted to the Allied High Commission for Germany and to other interested authorities or Governments, urging that all possible measures be taken to bring negotiations to an early conclusion and thus make assets available for utilization during the limited remainder of the lifetime of the I.R.O. Although this resolution refers specifically to the Food Credit Account in Germany, it is understood that its general clauses are also intended to refer to negotiations with the Government of Australia.

8. The plans of the Director-General for the termination of I.R.O. operations and for the liquidation of the Organization are set out in Document GC/242,† which was approved with minor amendments. It is expected that operations will have been substantially completed by December 31, 1951, and that available funds will also be exhausted by that time. The Director-General anticipates, however, that on December 31st there will remain about 10,000 persons, mostly in Germany, who will be visaed for resettlement, chiefly in the United States. To the extent that funds become available, either from the Food Replacement Account in Germany, from negotiations with the Australian Government, of from sales of property, it is proposed that an effort should be made to move this group which is ready for resettlement during the first month or two of 1952. If these final operations become possible, it is proposed that the embarkation centre at Bremen, and small reception staffs in the United States and Canada, might be retained for a brief period after December 31st.

9. Liquidation will, however, proceed simultaneously with any residual operations, and in fact liquidation of the Organization's staff and assets has been going on for some time.

10. No matter when final operations are completed, it is anticipated that liquidation will be achieved six months later. If operations cease on December 31, therefore, liquidation will be substantially completed by June 30, 1952. Although June 30 is being taken as a target date for the completion of the liquidation programme, it must be understood that if operations continue for a month or two during the year 1952, final liquidation will be delayed by that length of time.

11. Even in the face of uncertainties such as the amount of available funds and the numbers who will be ready for resettlement at the end of the year, the Director-General believes that a liquidator should be appointed about January 1st on the understanding that he will operate as a staff officer until the conclusion of operations and assume formally his functions as liquidator when operations have been concluded.

12. As other delegations, including those of the United States and the United Kingdom, gave their approval to the Director-General's proposals for the termination of operations and liquidation of the Organization, the Canadian Delegation did not object to the possibility of residual operations being carried over into the first months of 1952. This position seems the more reasonable when it is noted that the funds which might finance residual operations are not yet available; and if the termination date of December 31st were to be adhered to too strictly, the possibility would arise of having unused funds left over and a substantial number of refugees ready for resettlement who would not be able to benefit from the availability of such funds.

13. The most lengthy discussion, both at the Executive Committee and at the General Council, concerned the treatment to be afforded residual problems for which funds are not at present available and for which no provision has therefore been made in the revised Plan of Expenditure for the supplementary period. In addition to the movement after December 31st of refugees fully visaed and ready to move to the United States and other countries, no provision has been made for the permanent care of institutional hard-core cases in Shanghai, or a remaining group of refugees in Samar. Nor has it been possible to provide for terminal grants to voluntary societies and refugee service committees which will be carrying on programmes for refugees eligible for I.R.O. assistance.

14. Some pressure was advanced for further efforts to assist the refugees in Shanghai, but no practical suggestions were made. As the Director-General explained that despite all efforts it had not been possible to make any arrangements for assistance to this group after the termination of I.R.O., the Council had to be content with a general assurance that no effort would be spared to seek a solution to this particular problem.

15. Pressure was also exerted by the Italian Delegation, supported warmly by the French, and with some encouragement from Switzerland, on behalf of the refugees in Trieste, who are a burden on the Italian Government. This discussion demonstrated clearly the difficulty of trying to establish any firm criteria for assistance to residual cases as the circumstances which will exist some months hence cannot be exactly foreseen, nor can the amount of funds likely to be available on termination of normal operations be estimated with any certainty. In these circumstances, the

Director-General proposed that he be authorized to employ any additional miscellaneous income received between now and the next meeting of the Council in accordance with the following general priorities:

1st priority—Material assistance to persons who would otherwise be in danger of their lives, and to remaining institutional cases;

2nd priority—Continuance of resettlement;

3rd priority—Material assistance for the non-institutional residual group.

16. The Council agreed that, in view of all uncertainties, it would not be possible at this stage to bind the Director-General by more strict priorities, and it was agreed that his suggestions should provide the basis for operations until the next meeting of the Council.

17. With respect to residual problems, the Council also approved a form of communication to the General Assembly of the United Nations, which is not intended to constitute a final report of the I.R.O. but is meant to supply immediately information which may be of value to the Assembly in its examination of the problem of assistance to refugees. The document refers to the situation existing in several European countries, the Middle and Far East, and in the Philippines, pointing out that groups of refugees in need of assistance are likely to remain in those areas. The communication makes no attempt to submit recommendations to the General Assembly, but aims only at a statement of facts. Having approved the text of this communication, the Council also adopted a resolution requesting the Director-General to transmit the document to the General Assembly for consideration at its Sixth Session.

18. It is interesting to note that during this discussion the United States and the United Kingdom expressed reluctance to include in the document any explicit reference to Germany and Austria, arguing that such reference might reflect upon the capacity of those countries to provide adequate relief facilities. It was, of course, pointed out that the same argument might be advanced against the specific mention of any countries or areas, but that the result of omitting precise references would be to make the document so general in character that it would not adequately reflect the concern of the Council, nor would it appropriately describe the conditions on which such concern is based.

19. It is thought that the reluctance of the United States and the United Kingdom to emphasize residual refugee problems in Germany and Austria might have been due to their concern lest any detailed description of conditions encourage at the Assembly proposals for the establishment of new operational machinery. The French, on the other hand, who took the initiative in seeking to make the communication to the United Nations as detailed and as dramatic as possible, do not hide the fact that, in their opinion, a successor organization to the I.R.O. should be established.

20. Despite these differing viewpoints, discussions at this Conference were fairly successfully limited to operations within the I.R.O. mandate, and were not expanded to include the possibility of further international action on behalf of refugees after the termination of I.R.O. This latter possibility was feared by some dele-

gations, but it is assumed that efforts to promote the idea of a successor organization have been reserved for the General Assembly.

21. It was agreed that, for the orderly termination of I.R.O. activities, it will be necessary to hold another meeting of the General Council and perhaps of the Executive Committee. Among the problems to be settled by the Council will be: disposal of any residual funds, the appointment of a liquidator, and disposal of records. The Director-General believes that the next meeting should be late enough to permit the administration to present exact facts and figures with respect to the remaining problems, and it was suggested that such a meeting could perhaps be held early in January. The Executive Committee agreed that its chairman might call a further meeting in consultation with the Director-General, and the Council agreed that its Ninth Session might similarly be convened by the Chairman of the Executive Committee in consultation with the Director-General.

22. I was assisted at this Conference by Mr. J. Boucher, representing the Department of Citizenship and Immigration, Mr. S. H. McLaren, representing the Department of Labour, and Mr. N.F.H. Berlis of our Permanent Delegation to the European Office of the United Nations. The experience and advice of these members of the delegation were very helpful.

G.L. MAGANN

289. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 31, 1951

...

IMMIGRATION; I.R.O. "HARD-CORE" CASES

24. *The Minister of Citizenship and Immigration*, referring to discussion at the meeting of October 25th, 1951, said he had ascertained that the report under discussion at that time was incorrect and that no T.B. cases had arrived in Canada. 160 persons, otherwise handicapped physically, however, had been accepted. The question now was the admission, as suggested, of 125 T.B. cases. Of these, 35 were persons still under the care of I.R.O. and were also dependents of persons in Canada.

25. *The Cabinet*, after considerable discussion, agreed that:

(a) the International Refugee Organization be informed that the Canadian government was not prepared to accept 125 T.B. cases as proposed, but that an individual examination would be made of 35 of the persons involved who were dependents of residents of Canada to ascertain whether their admission might be granted; and,

(b) immediate consideration be given to other contributions that might be made by Canada toward settlement of the "hard-core" cases.

...

290. DEA/5475-T-40

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le sous-ministre de la Citoyenneté et de l'Immigration

Memorandum from Acting Under-Secretary of State for External Affairs to Deputy Minister of Citizenship and Immigration

Ottawa, November 27, 1951

IRO INSTITUTIONAL "HARD CORE" PROBLEM

We have considered your letter of November 10†concerning Cabinet's decision of October 31 on the above subject. Under the circumstances, we are inclined to agree with you that we might wait for the IRO to make the next move. We should not, however, wish to defer too long consideration of the Cabinet decision that "immediate consideration be given to other contributions that might be made by Canada toward settlement of the 'hard core' cases".

2. Perhaps you may wish to explain to Mr. Allard that we are not proposing to take any initiative at this time, as Canada's policy on the broader subject of "assistance to refugees" has yet to be determined in the light of developments at the Sixth Session of the General Assembly of the United Nations.

3. As you know, "The Problems of Assistance to Refugees" is on the Assembly's agenda and the General Council of IRO approved the text of a communication on this subject to the Assembly at its recent meetings in Geneva. This communication, of course, refers to the "hard core" refugees as part of the problem which will remain after the IRO suspends operations.

ESCOTT REID

SECTION C

ORGANISATION DES NATIONS UNIES POUR L'ÉDUCATION, LA SCIENCE ET LA CULTURE
UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION

291. DEA/5582-AK-4-40

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

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

CONFIDENTIAL [Ottawa], May 29, 1951

SIXTH SESSION OF THE GENERAL CONFERENCE OF UNESCO, JUNE 18-JULY 11, 1951
GENERAL INSTRUCTIONS FOR THE CANADIAN DELEGATION[8]

The instructions for the Canadian delegation to the Paris Conference are now being prepared in the form of a commentary. Considerations underlying them are as follows:

Administrative Efficiency

2. In the field of organization and finance the Organization faces a serious situation in the cash deficit caused by the non-payment of contributions by some Member States. A draft amendment to paragraph C.8.b. of Article IV of the Constitution, intended to remedy the situation, will accordingly come before the Procedure Committee of the General Conference for consideration. The Canadian delegation will be instructed to support this amendment.

3. On the other hand, the accounts and estimates have been presented by the Secretariat with great care, and the administrative management and budgeting staff of the Organization may be commended in this respect for their diligence, efficiency and accuracy.

Economy in the Operations of UNESCO

4. The extent to which the Secretariat of UNESCO is exercising the administrative economies called for by the General Conference is satisfactory. The Programme of UNESCO is approved by the General Conference, and once it goes to the Secretariat for implementation, the sum placed at the disposal of UNESCO for each Item of the Programme is usually properly expended. It is therefore not in the execution of the Programme as much as in its preparation that savings could be effected. The Canadian delegation will accordingly be instructed to stress the importance of limiting the expansion of UNESCO operations in new fields, in order that more attention may be devoted to the projects already under way. In this

[8] Le chef de la délégation était Victor Doré, ministre en Suisse.
The Canadian delegation was led by Victor Doré, Minister in Switzerland.

connection, the Canadian delegation will also be instructed to bear in mind that the establishment by the General Conference of a budget ceiling for the ensuing year would considerably reduce this risk of dispersion and diffuseness noticeable in the Programme. Substantial saving may be effected moreover through a more adequate use of the facilities of well-established, private, international agencies which are pursuing aims similar to those of UNESCO.

Concentration of Purpose

5. From UNESCO's inception, the annual programme has been open to Canadian criticisms on the ground that the resources of the Organization were spread over a relatively large number of activities instead of being concentrated on a few projects of major importance. Progress is now being made in setting programme priorities, in such a way that attention is focused on essential projects and emphasis may be shifted from year to year according to the urgency of particular items.

6. You will recall that the Canadian delegation at the Fifth Session introduced a proposal on "the selection of central UNESCO themes" which was designed to invest the Director-General with authority to determine an order of priorities among the various projects singled for discussion. It is therefore of interest to note the inclusion on the Agenda of the Programme and the Official and External Relations Committees of the General Conference, of an item respecting the criteria adopted by the Economic and Social Council of the United Nations for the establishment of priorities in the programmes of the United Nations and the Specialized Agencies. The Canadian delegation will be instructed to press for the adoption of these criteria.

Co-ordination with the United Nations and the Specialized Agencies

7. During 1950, stress was again given by the General Assembly and by the Economic and Social Council of the United Nations, to the proper co-ordination of the activities of the United Nations and the Specialized Agencies. A perusal of the working documents prepared on this subject by the Secretariat of UNESCO show that some encouraging steps in the right direction have already been taken by the Organization. The Canadian delegation will therefore be instructed to support measures intended to ensure at all times the fullest collaboration of UNESCO with the United Nations and its Specialized Agencies in the elaboration or clarification of its Programme.

UNESCO and the Threat to Peace

8. It will be recalled that at the Fifth Session of the General Conference, the United States delegation raised the question of the extent to which UNESCO's programme activities could contribute more directly to the furtherance of world peace. The impression was gained by several delegations that the United States wished to see UNESCO become the propaganda arm of the United Nations.

9. Subsequently this question was given prominence as a result of communist aggression in Korea. The United States representative on the Executive Board, in August 1950, put forward the suggestion that, as a result of the United Nations decision to take military action in Korea, UNESCO should be asked to provide

relief and reconstruction facilities in that country, and also to justify the United Nations action in Korea against the aggressor.

10. In any discussion which may arise on this subject I would suggest, if you approve, that the Canadian delegation be guided in their attitude by the following remarks which I addressed to the Canadian Minister in Berne on August 25, 1950:

"You will have seen, I imagine, the perceptive article on 'Theory and Practice of UNESCO' by Dr. Reinhold Niebuhr, which appeared in the February issue of *International Organization*. After praising a great number of the projects which UNESCO had undertaken, Dr. Niebuhr argued that 'the error of UNESCO lies in its claim that its various forms of cultural co-operation are of immediate political significance in resolving overt conflicts in the world community'. We are inclined to agree with him that UNESCO must find its justification in the contribution it makes to the gradual integration of the emergent world community rather than its supposed, but usually illusory contributions to 'peace'.

"It would be wrong, of course, for UNESCO to attempt to divorce itself from the present political circumstances in which its activities must be conducted. In particular, I think, it would be mistaken for our participation in UNESCO to result in any weakening of our resistance, both in the realms of action and of doctrine, to the programme of Soviet Communism. On the other hand, it is of importance that there should be bodies primarily concerned with such measures as may be taken to ease the adjustments which are necessary between the various civilizations in the world today. UNESCO is one such body; and its usefulness in the long run might be seriously jeopardized if it were to be harnessed too closely now to the action which the United States and other countries are taking in Korea under the auspices of the United Nations. Under present circumstances total diplomacy is no doubt a necessity. But you would agree, I imagine, that we should take care to see that it stops short of totalitarianism.

"You might like to consider whether it would not be wise for the Executive Committee in a matter of this importance to postpone a decision until the United States proposals could be studied by national governments."

11. This attitude finds support in the words of one of the founders of UNESCO, Archibald MacLeish, spoken before the United States National Commission for UNESCO on May 10, 1951:

"It is not the province of the Organization to act as a propaganda agency of the West in the current East-West conflict. ... Peace is not won by emphasis on a split world."

It is further borne out by the following remarks made by the United Kingdom delegation in its report on the Fifth Session of the General Conference:

"It is true that some educational, scientific and cultural activities can have some immediate bearing upon political affairs but most of them have not, for they depend for their effective realization upon the free growth of the human mind. Any question of their employment for political ends would therefore call for the most careful consideration first of all on political grounds by the United Nations before they were considered by UNESCO. Attempts upon totalitarian lines to indoctrinate whole peoples rapidly according to preconceived political patterns,

however worthy in themselves, are not only contrary to the spirit of UNESCO's Constitution, but strike at the very root of the concept of the intrinsic worth of the individual and of a free society which was the inspiration of that Constitution itself."

12. I should be grateful if you would indicate whether you approve of instructions being prepared for our Delegation to the forthcoming session of the General Conference of UNESCO on the basis of the above mentioned considerations.[9]

A.D.P. H[EENEY]

292. DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET Ottawa, July 16, 1951

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UNESCO SIXTH SESSION OF THE GENERAL CONFERENCE

17. *Mr. Day.* The Sixth Session which opened in Paris on June 18 concluded on July 11. This Session was mainly concerned with administrative and financial matters and a number of changes have been made which were supported and recommended by the Canadian delegation. It was agreed that after 1952 the Conference would assemble every second year. The budget has been held to the figure suggested by the Director General, a figure only slightly higher than the one recommended by the Canadian and other delegations. It was also agreed that as an economy measure the Seventh Session in 1952 would be held in Paris rather than in Montevideo as planned: this will mean a saving of some $400,000.

18. Some success has been achieved by those delegations including the Canadian, which have long urged that UNESCO confine its activities to its general terms of reference. Thus, for example, a proposal that UNESCO request ECOSOC to summon a comprehensive conference on newsprint production and distribution was amended, and it is now proposed to leave this matter largely to the International Materials Conference of ECOSOC. During the coming year the resources of UNESCO will be increasingly concentrated on fundamental needs, although care will be given to regional requirements. A second centre of fundamental education will be created, but the establishment of four additional centres is to be postponed and UNESCO's programme will pay close attention to the U.N. Programme of Technical Assistance. UNESCO assistance is now being offered in six major fields, including fundamental education and scientific advisory services. Other UNESCO projects for 1952 include the preparation of an international covenant to protect historic monuments in the event of war; a universal copyright convention on which an international conference will be held next year; the spreading of knowledge

[9] Note marginale :/Marginal note:
OK L.B.P[earson].

through the translation of the world's classics, and the extension of the system of book, gift and scientific coupons.

19. The total membership of UNESCO is now 64, since the German Federal Republic, the Kingdom of Laos, the Kingdom of Cambodia, the State of Viet Nam, and Japan have completed requirements for membership. Sir John Maud, delegate of the United Kingdom, paid a warm tribute to Mr. Victor Doré who is now retiring from the Executive Board. (UNCLASSIFIED)

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293. DEA/5582-AK-4-40

Note de la délégation à la sixième Session de la Conférence générale de l'Organisation des Nations Unies pour l'éducation, la science et la culture pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Delegation to Sixth Session of General Conference of UNESCO to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, September 15, 1951

I am enclosing, for your consideration, the confidential report of the Canadian Delegation to the 6th Session of the General Conference of UNESCO held in Paris from June 18 to July 12, 1951.†

In transmitting this report, to which has been attached copy of the resolutions adopted by the General Conference, I would ask leave to bring to your attention certain recommendations endorsed by the Delegation with respect to Canadian representation to future sessions of the Organization.

First and foremost, I think, is the question of Canada's interest in the programme of UNESCO. The pressure of growing defence expenditure and other national budgetary demands naturally forces the Government to call for economies, concentration of purposes, greater administrative efficiency and clear cut priorities in all the programmes of the international agencies in which the country participates. What must not be forgotten, however, is that these organizations were not created to be the sport of circumstances. In the words of the Director General, UNESCO was and is meant to be the adjunct of the United Nations themselves, in consolidating international peace by means of cooperation between peoples in educational, scientific and cultural matters.

Looking over the instructions to Canadian Delegations to past sessions of UNESCO I wonder, in this connection, if perhaps we have not been too concerned with matters of financial import for what the Organization could offer or strove to

achieve through its programme. The implementation of the Massey Report's[10] recommendations with regard to the establishment in Canada of a National Commission for UNESCO may provide us with the answer to this problem. By drawing members of future delegations from the ranks of the body (National Commission or Canadian Council) Canada would be in a position to offer something constructive with regard to the different projects which come annually for consideration before the General Conference. As matters stand, however well we choose our delegates, our role is confined to holding what is at best a watching brief. This situation will continue to obtain as long as there exist no proper means to consult with Canadian Organizations interested in UNESCO's cultural, scientific and educational ventures. It is only through continual consultation that instructions to Canadian delegations can and will be all embracing and permit our representatives in turn to prove to the nations of the world that Canada, although young, has developed culturally as well as materially.

Without further investigation into the reasons which have forced us to adjourn the creation of a National Commission, the fact remains that, until its inception, we will continue to be ignored in the formation of the Commissions and Committees as we have experienced at the Sixth Session. It is perhaps unnecessary to recall that the General conference comprises six Committees (General or Steering Committee), composed of the President, the Vice-Presidents of the Conference, together with the Chairmen of its various Commissions and that in the case of the Commissions, not only is a Chairman appointed, but also a Vice-Chairman and a rapporteur; and that Canada, one of the largest contributors to UNESCO, was not chosen for nomination to any of these posts at the Sixth Session of the General Conference.

It may be argued that a certain amount of lobbying would ensure this. The answer to this, I fear, is rather that, unless the delegates are more conversant with what I would describe as the routine of General Conferences and that Canada as a Member State shows more interest in the programme proper, this state of affairs will continue to obtain.

This brings us to consider the necessity for continuity as regards Canadian delegations to UNESCO. Part of the answer to this question might be possibly supplied by the nomination as Adviser on the Delegation to next year's session of the General Conference of a departmental officer who served in the past as Secretary to one Canadian Delegation to UNESCO, preferably the last. This would considerably reduce the handicap experienced by delegates through their unfamiliarity with UNESCO meetings and afford to the Junior Officer on the delegation the invaluable benefit of experience in the handling of his secretarial duties.

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[10] La Commission royale sur le développement des arts, des lettres et des sciences a été mise sur pied en avril 1949 pour se pencher sur l'éducation, la culture et les grands moyens de communication au Canada. Elle était présidée par Vincent Massey. Le rapport de la commission, publié en juin 1951, annonçait une nouvelle ère d'intervention gouvernementale dans la culture canadienne.
The Royal Commission on National Development in the Arts, Letters and Sciences was appointed in April 1949 to explore education, culture and the mass media in Canada. Its chairman was Vincent Massey. The commission's report, published in June 1951, heralded a new era of government involvement in Canadian culture.

If at all possible, especially when sessions are held in Paris, there should also be added to the Delegation as Adviser, the Information Officer of the Embassy who normally acts as unofficial Liaison Officer between the Government and UNESCO. The information gleaned by such an officer during the intervals between sessions might well offset the delays experienced by the Department in awaiting the despatch by UNESCO of the provisional agenda of forthcoming Conferences. It would by the same token afford the Department longer time in the preparation of the official instructions.

It will be within the knowledge of the Department that 22 Member States, including the United Kingdom and the United States of America, have permanent delegates to UNESCO, some of them with offices at UNESCO House. The information which they obtain on the spot and through admission to the public meetings of the Executive Board permits these Member States to be informed often in advance of the official communication of the work proposed or accomplished by the Organization. The personal contacts which our Information Officer in Paris might establish with the Secretariat, if allowed to take on these additional duties, would also permit the Department to be appraised of any openings calling for experts or specialists in one of UNESCO's several fields of action. You will recall, of course, that since the expiry of Mr. Doré's term of office on the Executive Board, no more link exists between the Department and UNESCO.

One final consideration has to do with the composition of Canadian Delegations to forthcoming sessions of the General Conference. Because delegates are in increasing measure called to attend most, if not all, the meetings of the Commissions and Committees of the General Conference as well as of the several working parties appointed to consider the programme, it is felt that a Canadian Delegation to UNESCO, to be in any way competent must, besides being composed of hard-working people, be of sufficient members to cover all of the work accomplished at the Conference. The ideal delegation would, therefore, comprise 3 delegates, assisted by the same number of alternate delegates, one of whom might be the Information Officer at the Embassy dealing with UNESCO matters. To these would be added a Financial Adviser, the Secretary of a previous delegation as technical adviser, and finally a junior officer from the Department who would act as Secretary to the group.

J.E. THIBAULT
Secretary and Adviser

SECTION D

FONDS MONÉTAIRE INTERNATIONAL
INTERNATIONAL MONETARY FUND

294. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 13, 1951

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GOLD; FURTHER EXTENSION OF AID TO MINES

3. *The Minister of Finance* said that recent requests from the gold mining industry for additional help had taken two forms: (a) that the government permit the export sale of gold at premium prices under a scheme analogous to that now in effect in South Africa and (b) that assistance under the Emergency Gold Mining Assistance Act be calculated on production in excess of 45 or 50 per cent of base year production instead of in excess of 66 2/3 per cent as at present.

Sales at premium prices would be of concern to the International Monetary Fund but it would be difficult for the Fund to refuse permission as long as the arrangement was allowed for South Africa. There was strong evidence that a large part of South African sales went into the "hoarding" markets. The Fund's objection to such sales were principally that they involved a loss of gold to central monetary reserves where the gold could meet the needs of legitimate trade and secondly, that they were in effect exchange transactions at rates different from the agreed parities and constituted a threat to exchange stability. There was doubt as to how much gold could be sold at the premium rates.

The Fund would also be interested in any plan for an increase in direct payments to the gold mines since this would suggest that aid was being established on a more or less permanent basis. The U.S. Treasury was interested in both proposals and wished to be sure there would be discussion with them before any decisions were taken.

An explanatory document was circulated.

(Minister's memorandum, undated and attached appendix — Cab. Doc. 46-51.)†

4. *Mr. Abbott* felt that, if some assistance were considered necessary, the proposal for premium sales seemed to be the one that should be adopted. Any increase in subsidy payments would be only the first of many increases that would have to be made if, as seemed probable, costs continued to rise.

5. *The Minister of Trade and Commerce* thought the premium sales were not likely to prove of much assistance. If anything effective was to be done it was probable that changes in direct measures of assistance would be necessary.

6. *The Cabinet*, after considerable discussion, agreed that:

(a) the Assistant to the Governor of the Bank of Canada (Mr. Rasminsky) be authorized to ascertain from the International Monetary Fund whether there would be opposition to action by Canada to permit export sales of gold at premium prices under a scheme analogous to that in effect in South Africa;

(b) he should at the same time inform the U.S. Treasury of the approach the government had in mind making to the International Monetary Fund; and,

(c) further consideration of the desirability of altering the basis of assistance under the Emergency Gold Mining Assistance Act be deferred pending information as to the position of the Fund on premium sales.

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DEA/6000-H-40

Note de l'adjoint éxécutif du gouverneur de la Banque du Canada

Memorandum by Executive Assistant to Governor of Bank of Canada

[Ottawa], February 19, 1951

GOLD SALES AT PREMIUM PRICES
REPORT OF WASHINGTON DISCUSSIONS FEBRUARY 15-16, 1951

1. *Discussions with U.S.*

I met with the U.S. group on Thursday morning, February 15th. Those present on the U.S. side were Willis, Eddy, Smith, Howard and Blaser (Treasury), Margaret and Tamagna (Federal Reserve Board), Corbett and McDiarmid (State) and Hooker (Fund).

I informed them of the decision of the Canadian Government to allow Canadian gold producers access to premium gold markets on the same terms as South African producers and outlined the details of the proposed plan. I reminded them that we had consistently warned that it would be impossible for Canada to resist strong pressure from the industry to be permitted to do whatever the Fund allowed South Africa to do and explained the reasons why this pressure had recently become extremely intense.

There was no disposition on the U.S. side to assert any moral right on the part of the Fund to deny to Canada what was permitted to South Africa, but they made it clear that they viewed the proposed Canadian action with great distaste and that they would greatly prefer to see our government meet the industry's difficulties through increased subsidies. They felt that our action would raise more difficult problems for them than the South African, partly because it would be followed by similar action by most other producers (though not themselves) and partly because such action by Canada, a contiguous country with the same general standards as their own and which had in the past cooperated very closely with the U.S. in these matters, would have a much greater psychological impact than similar action by any other country. They were concerned with the long-run effects on world trade and financial stability of the diversion of current gold production away from central

reserves into private hoards. They felt that this Canadian action would give strong support to the movement away from paper currencies into gold; among other things, it would certainly lead to a revival of the demand for internal circulation of gold in the U.S. Coming at this particular time when the U.S. was gearing up its economy for defence purposes, our action would almost inevitably result in unfavourable publicity for Canada in the United States. In particular it would be said that this industry, according to U.S. standards a non-essential one, was being given under the new Canadian arrangements special assistance both through a subsidy and premium sales. Problems might arise if Canada sought to buy gold from the U.S. monetary authorities at the official price while we were permitted sales at premium prices. They were particularly concerned at what the public reaction to our action would be and feared that no matter how carefully we explained it, it would be seized upon by interested parties, including Mr. Havenga, as evidence that Canada had now joined the ranks of South Africa in rejecting the falsity of the official price of gold, in recognizing the legitimacy of the private demands, etc. etc.

The U.S. side made it clear that they would not be in favour of the Fund abandoning its gold policy and authorizing free-for-all access to premium markets.

2. *Joint Discussions with U.K. and U.S.*

This joint discussion took place in the afternoon of February 15th as a result of a U.S. initiative. The U.K. side was represented by Caine, Rowe-Dutton, Christelow and Crick.

The U.K. too would prefer to see us meet the problem through subsidies and maintained that we could give more effective help to the industry in this way.

In the course of these discussions, I kept coming back to the point that no one had the right to ask Canada to refrain from action which the Fund agreed to or acquiesced in for South Africa. In the afternoon the discussion between the U.S. and U.K. was largely centred on the question whether there should be any change in the arrangements regarding South Africa. They seemed to agree that there was no real hope of getting South Africa to change her actions and they discussed the possibility of the Fund repudiating the agreement with South Africa and declaring that the present South African practice was not in accordance with Fund policy. They wished to know whether the Canadian Government would persist in its proposal if this were done. I said I was unable to reply as the Canadian decision had been based on the existing situation which was that the Fund acquiesced in what South Africa was doing; action along the line indicated would create a new situation which our Government would have to consider.

3. *Discussion with U.K. and other Commonwealth*

The U.K. said privately that they thought most of the sterling area producers would sell their current output in premium markets if we did. Southern Rhodesia had just asked Whitehall to take this up with the Fund on their behalf and the Colonial office was pressing for similar facilities for the African Colonies. Australia and New Zealand were described as "champing". The U.K. were concerned with the fate of their arrangements under which sterling area gold production (ex South Africa) was sold to them and would need time to work out substitute arrangements.

The South Africa gold sales at premium prices had recently been so large that the agreed gold payments to the U.K. were being made in U.S. dollars.

I told Garland, the Australian alternate director, what was intended and authorized him to inform the South Africans privately. I also told Joshi, the Indian director, who wished to know whether we would give the same undertaking as the South Africans had given to "scrutinize all sales and exercise discretion having in mind the quantities and the direction of the sales". He indicated that while he thought the Fund could not deny us what was granted to South Africa, the terms would have to be exactly the same. When the U.S. raised the same question, I replied that I was sure we would find no difficulty in agreeing to exercise the same degree of discretion as South Africa. Joshi, however, seemed to regard this as far from satisfactory.

4. *Discussions with Fund Staff*

These discussions, on February 16th, covered much the same ground as those with the U.S. and U.K. They realize that the Fund is in a mess on this gold policy and that its acquiescence in the South African arrangement is largely responsible. They have no hope of changing South African actions but are now tempted to improve the Fund's position by withdrawing their acquiescence.

They believe that if our Government's concern is to help the industry, the method selected is not an effective one. The gold in premium markets passes through so many hands before coming to rest that only a portion of the apparent premium reaches the pocket of the producer. For example, they quoted from the Annual Report of Consolidated Gold Fields of South Africa Ltd. to the effect that the average premium on the 1,500,000 ounces of South African gold sold in the year ended June 30th, 1950 was $3.50 per ounce. The bulk of these sales took place in the latter half of 1949 when the premium over the official price of gold ranged from $5 to $15 per ounce. The report says that demand diminished in the first half of 1950 and increased again in the three months to September 30th "but at a substantially lower premium".

The view of the staff is that a general break-down of the Fund's policy will result not only in newly mined gold going into hoards but also substantial amounts out of official reserves, with serious consequences for the future.

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I undertook to communicate to the Canadian Government the views that had been expressed. The U.K. and U.S. requested that Fund consideration be deferred until Friday, February 23rd, and I reluctantly agreed to this delay. The Fund staff is awaiting word from me before placing the matter formally on the agenda and circulating a paper.

[LOUIS RASMINSKY]

DEA/6000-H-40

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Note de l'adjoint éxécutif du gouverneur de la Banque du Canada

Memorandum by Executive Assistant to Governor of Bank of Canada

[Ottawa], March 30, 1951

GOLD SALES AT PREMIUM PRICES
REPORT OF WASHINGTON DISCUSSIONS FEBRUARY 21-MARCH 9, 1951

1. This note should be read in conjunction with the memorandum of February 19, 1951 reporting the Washington discussions of February 15-16.

2. At the conclusion of those discussions Mr. Martin, then Assistant Secretary of the Treasury, phoned the Minister of Finance and reiterated the strong hope of the U.S. administration that we would find it possible to continue to keep our gold production out of premium markets. Mr. Abbott said he was waiting for my report and would have the U.S. difficulties in mind when deciding what action to take.

3. When the report was considered, the Minister came to the conclusion that however valid might be the misgivings expressed regarding the effect of our proposed action on Fund policy and on U.S. and U.K. interests, the points which had been raised did not enable him to face the Canadian gold-mining industry and explain to them why they should be denied facilities which South African producers enjoyed with the apparent approval of the Fund. Accordingly, he instructed me to place the matter on the Fund agenda. I phoned Overby and told him that the Minister continued to attach great importance to the Fund and was prepared to collaborate with the Fund in enforcing its policies in every practical way. However in view of the fact that we were proposing to do no more than the Fund was acquiescing in in the case of South Africa, he did not feel that this question arose. I therefore requested him to communicate the following to the Executive Board: "The Canadian Government has informed the Fund that it wishes to consult with it regarding its desire to allow Canadian gold producers access to the premium markets for semi-processed and fully manufactured gold on the same terms and conditions as those applied by South Africa pursuant to its arrangement with the Fund". I also requested Overby to circulate to the Executive Board the outline of a Plan for the Export of Gold at Premium Prices, copy of which is annexed hereto.

4. Overby requested time for the Staff to consider the situation I agreed to this. He phoned me later that day (Feb. 19) and said that the Staff would express the following views when our proposed action was considered by the Board:

(a) The Fund gold policy is still in existence and the Staff cannot recommend any action inconsistent with it.

(b) The Staff believes that South African practices have not been consistent with the spirit and clear intention of the Fund policy and has been in process of re-examining the working of the arrangement. Negotiations have not yet been re-opened because it is only recently that the Fund has had official knowledge of the great increase in South African sales. In any case the Staff could not recommend

that minimal compliance in its policies by one member should set the standard for all members.

(c) The Staff feels that agreement with the Canadian proposal would be tantamount to undermining the Fund policy. It would become even more difficult to enforce the policy. Therefore the Staff would not recommend agreement to the Board even if the Canadian proposal were in every respect similar to the South African.

(d) If the Board is in any case disposed to accept the Canadian proposal, the Staff must point out that this will nullify the Fund's gold policy and Canada and all other members should realize the implications.

(e) Acceptance of the Canadian proposal would be tantamount to approval of the South African practices. Hitherto the Fund has not acquiesced in these.

(f) Since the problem raised is to make the Fund policy more effective in practice, the Board should consider arranging a meeting of the main producers and importers.

(g) In view of the foregoing it is suggested that Canada defer its proposed action.

5. Overby went on to request that we should not proceed with the proposed consultation with the Fund at least until the Staff had an opportunity to place the South African situation before the Board; he indicated that the Staff would propose to the Board that they find that the South African practices were not consistent with the Fund's gold policy. After consulting the Minister, I phoned Overby and reminded him of our past record of co-operation in this matter, and said we were still willing to co-operate if the Fund really meant business and was not merely looking for delay in the hope that the pressures would wear down. The Fund would have to give a real lead and not get bogged down in delays and technicalities. If the Fund really was prepared to act realistically and come to a clear-cut decision we would accede to his request and not place the matter on the agenda for the time being. We would of course expect that a finding by the Fund that South African practices were not in accord with Fund policy would be followed by a serious effort on the part of the Fund to work out an enforceable policy.

6. On my return to Washington discussions with U.S. and U.K. officials were resumed. These now centred around the action that would be taken in the Fund. There emerged a proposal for a three point resolution which would (1) re-affirm the Fund's gold policy, (2) appeal to members for cooperation and instruct the Staff to try to work out with members a more effective policy and one which commanded more general compliance, and (3) find that South African practices were inconsistent with the Fund's policy. In the course of these discussions I took the position that I would cooperate in drafting points (1) and (2) and would support these parts of the resolution in the Board, but that I would take no part in drafting point (3) and that I would abstain in any vote on this in the Board. My reason for this was that I did not wish to place Canada in the position of appearing to be asking for a Fund condemnation of South Africa as the price for our not following her example. I also made it clear throughout that we were vitally concerned with the substantive action that the Fund and the important members of the Fund who were keen on the policy

(U.S. and U.K.) were going to take to work out a more effective gold policy. The following draft resolution was worked out for submission to the Board.

The International Monetary Fund's policy on international premium gold transactions was established in June, 1947. At that time the Fund found that such transactions tended to undermine exchange stability and to involve an undesirable loss to monetary reserves by division to Boards. The Fund statement of policy issued at that time strongly deprecated international transactions in gold at premium prices and recommended that all of its members take effective action to prevent such transactions in gold with other countries or with the nationals of other countries. The Fund policy was reviewed and reaffirmed by the Executive Board in April, 1950.

It is the firm belief of the Executive Board that in the present conditions of world uncertainty there is even greater need to conserve gold for official monetary reserves. Therefore, the Fund appeals to all members to cooperate in the pursuit of the objectives of the policy announced in June, 1947.

The Executive Board of the International Monetary Fund has completed a review of international gold transactions. It has been determined that in the last year, particularly in the second half of 1950, there has been a large increase in the volume of international transactions in gold at premium prices and a related decline in the net amount of world gold production entering into official monetary reserves. In view of this the Managing Director of the Fund is authorized to consult urgently with member countries with a view to making the Fund's policy more effective.

In this connection it will be recalled that in May, 1949, the Fund decided to raise no objection to proposals by South Africa for the sale of semi-processed gold abroad for industrial and artistic uses at prices in excess of monetary parity, it being understood that discretion would be exercised with respect to the quantities and direction of such sales. The Fund at the time reserved the right to reopen discussion of this matter if the amounts involved appeared to be excessive.

According to recent information sales of gold by South Africa at premium prices in the latter months of 1950 amount to between 40% and 50% of its new gold production. The Board considers that sales on this scale clearly exceed what is required for the arts and industries and can no longer be regarded as being within the spirit and purpose of the understanding reached by the Fund with South Africa in May, 1949, or as being consonant with the Fund's gold policy. In these circumstances the Fund regrets that it can no longer maintain the attitude that it took to the South African arrangements in May, 1949. The Executive Board accordingly requests the Managing Director to consult with South Africa in accordance with the general direction to enter into consultations with member countries in a previous paragraphs of this resolution.

As indicated above I refused to participate in the drafting of the section on South Africa or to comment on it and informed the U.S. and U.K. that I would abstain in any vote on it in the Board.

At the conclusion of these discussions I was instructed by Ottawa to inform the U.S. and U.K. that we would support all parts of the resolution in the Board and

that if the resolution was passed the Minister would not proceed with the plan to allow Canadian gold producers access to premium markets. It was made clear that this decision was postulated on the expectation that a serious attempt would urgently be made to develop an effective Fund policy which is generally adhered to. We of course reserved our right to do what is ultimately permitted by the Fund to any other member under such a policy. If, after a reasonable period of time (which, under questioning, I said would have to be measured in terms of weeks rather than months) it became apparent that an effective gold policy was not being developed, we reserved our right to reconsider our whole position. I also was instructed to indicate that it was not intended to increase the subsidy for the time being, but that the subsidy would probably be increased if, after a period of time it became apparent that good progress was being made to implement Fund policy on premium sales or if, notwithstanding the failure to make such progress, Canada decided to continue to stand behind the Fund policy.

7. The discussions in the Fund Board were, from our point of view, not very satisfactory. It must be recalled that the Fund's policy deprecating international gold transactions at premium prices is not supported by all the Executive Directors — many of the European directors disapprove of the policy and some of them as well as the Latin American directors represent countries which more or less openly flout the policy. Moreover the legal basis of the policy has never been clarified: the policy itself is only an expression of views and an appeal for cooperation, but Fund officials have frequently talked and acted as though the transactions in question were specifically prohibited in the Articles of Agreement and this has aroused resentment on the part of the Directors who disagree with the policy.

In the Fund discussions the U.S. and U.K. displayed much less force and enthusiasm than they had brought to bear in persuading us not to go in for premium sales. The U.S. was weakly represented by their Alternate Director in the absence of Southard, and the U.K. clearly had no taste for the task of condemning South Africa (though in fairness it should be stated that they gave a more effective account of themselves than the U.S.). For my part, I did not wish, for obvious reasons, to take a leading part in the discussion. (Annexed hereto are the Board minutes of my principal observations.) In consequences there was a notable discrepancy between the strength of the resolution put forward by the U.S. and the weakness of the case made to support it. On the other hand, the Australian Melville made a very able statement on behalf of South Africa, which did not lose in effectiveness so far as the Board was concerned by the fact that it failed to address itself to the main question whether the South African practices were or were not consistent with the Fund's gold policy. Many of the other directors were genuinely reluctant to "name" South Africa in terms as direct as those used in the draft resolution; some, of course, took this position because they disliked the policy or merely wished to create embarrassment.

The upshot of this situation was an amendment to the U.S. resolution moved by Saad, the Egyptian director, to substitute for the whole of the resolution the following:

"Since the amount of sales and purchases in the world markets of gold for jewelry and other artistic and industrial purposes has recently been increasing at a great rate, indicating that at least a part of it finds its way to private hoards, contrary to the policy of the Fund, the Board considers the existing arrangements and practices of several countries, including the South African arrangements are no longer a satisfactory basis to implement the Fund's gold policy and requests the staff to elaborate, after consultation with the countries concerned, more effective methods than the existing ones."

The Saad amendment was defeated, but the only countries opposing it were the U.S., U.K., and Canada. India and China abstained, and support came from Egypt, Mexico, Brazil, France, Netherlands, Belgium, Italy, Yugoslavia and Australia. I then asked for an adjournment to enable me to return to Ottawa for consultation; I was disturbed not only by the narrowness of the opposition to the Saad amendment but by the danger that it might be claimed that Canada was insisting on strong language with regard to South Africa as the price for our own good behavior. Here we considered with the Minister the various alternatives and it was decided that in all the circumstances the best course was to support the Saad resolution. The U.S. and U.K. were informed of this decision and agreed with it; they were also informed of our intention to increase the gold subsidy.

Saad re-introduced his resolution, with the grammar somewhat improved, and I made a statement which is reported in the Board minutes as follows:

"Mr. Rasminsky said he appreciated the Board's willingness to postpone consideration for a short time. At the earlier meetings he had been disturbed at what had appeared to be some misunderstanding of Canada's position in the present discussions. He stated again the position he had outlined at EB Mtg. 642 (Item 2, 3/1/51). He added that Canada had no special interest in seeing any particular form of words, but did believe that the Fund would want to make its position sufficiently clear to let members know whether certain actions were or were not in conformity with the Fund's gold policy. He had also been particularly disturbed at the narrow basis on which Mr. Saad's amendment had been defeated at EB Mtg. 643 (Item 1, 3/3/51). Canada had always felt that the Fund should strive to avoid decisions not having broad support and situations where weighted voting strength was used to override the strong and sincerely held convictions of important minorities. Accordingly, since the earlier vote had shown that the majority of Directors preferred a form of language along the lines which Mr. Saad had advanced, he was prepared to support Mr. Saad's proposal now before the Board."

This statement was received quite warmly by the Board and several of the directors echoed the sentiments regarding decisions based exclusively on weighted voting. The resolution was then adopted, with only France opposing.

8. A couple of days later the Board approved, without great difficulty, the increase in our gold subsidy. On this occasion I informed the Board of the decision of the Government not to proceed, for the time being at least, with the project of authorizing the Canadian gold industry to make gold sales at premium prices.

9. In the course of the various conversations with U.S. officials, including one with Martin, I made it clear that the problem we were discussing would remain a source of frustration and vexation until the premium on gold was eliminated. I expressed the personal view that this could only be accomplished through a radical approach, i.e. make the U.S. dollar convertible by satisfying the hoarding demand at the official price and/or raising the official price to a level where official demand can compete effectively with private demand. The U.S. officials were not disposed to dispute this observation but they showed no inclination to follow either of the courses of action indicated. They were opposed to the first, the reasons adduced being partly unwillingness to lose the gold, partly a belief that the distinction between the monetary and non-monetary use of gold was vital to maintain public support for a gold-buying policy, partly an unwillingness to have Congressional hearings that would focus public attention on the problem of inflation and the lack of confidence in the U.S. dollar. This last reason was also the principal one mentioned for being unwilling to raise the official price of gold, though the case was also made that this would be inflationary in the U.S. and abroad at a time when deflationary policies are called for.

[LOUIS RASMINSKY]

[ANNEXE/ANNEX]

Extrait du procès-verbal de la Commission executive du Fonds monétaire international, le 1er mars 1951

Extract from Minutes of Executive Board of International Monetary Fund, March 1, 1951

FUND GOLD POLICY AND SALES OF SEMI-PROCESSED GOLD

Position of Canada

Mr. Rasminsky said that he could agree with much of what Mr. Melville had said in his statement at EB Mtg. 641 (Item 1, 2/28/51) on the policy of the Fund in developing world circumstances. He could agree that no satisfactory solutions for the long run would probably be found except through either satisfying the private demand at the official price or enabling official purchasing to compete on a price basis with private hoarding demand. He also agreed that a policy which threw varying degrees of burden on different members, depending on their willingness to cooperate, was unsatisfactory. It was clear that the real burden of any enforcement had fallen and would continue to fall mainly on those gold producing members which observed the Fund's policy. Canada had so far scrupulously adhered to that line, but it had given clear warning that the Fund could not expect compliance by some member countries if others did not comply. The statement of the representative of Canada at EB Mtg. 432 (Items 2, 5/6/49) set forth that position fully. Canadian representatives had, he believed, made it amply clear that Canada would have no special basis for denying its miners access to premium markets on grounds of Fund policy if other important producers were permitted access to these markets. In

this respect there were reasons for giving special attention to the practices of South Africa. As the major producer of gold in the world, its actions were naturally of a different order of importance than those of small producers. Moreover, and more important, South Africa was the only country selling gold at premium prices under a special arrangement with the Fund. In consequence it was inevitable that South African practices should be regarded by the gold mining industry of other countries as being acceptable to the Fund. No country could reasonably be expected, as a matter of co-operation with the Fund, to prevent its industry from engaging in practices which the Fund itself found acceptable.

In those circumstances, Canada had concluded in recent weeks that its gold producers should have the right to sell in premium markets the same as South Africa's. He had been asked to begin consultations with the Fund. The Management of the Fund had expressed disturbance at the developing scope of premium sales and indicated that recent information on South African sales made it questionable whether that country's action could be regarded as being consistent with Fund policy. In those circumstances the Management had asked that Canada hold off its decision in order to permit bringing the question of South Africa to the Executive Board. Canada had agreed. The question before the Board was whether recent South African practices were in accord with the Fund's gold policy. The Fund would, of course, have to generalize any conclusions reached. As South Africa was, according to the staff, selling 40 to 50 per cent of its current production in premium markets, the question was whether it was consistent with the Fund's policy for this proportion of new gold production to go into premium markets. A proposal along these lines had been put forward by South Africa last year and defeated. In conclusion, he remarked that a policy having widely varying degrees of compliance would necessarily remain a source of great difficulty. If the Fund should decide to reaffirm its policy and seek greater compliance, then he believed the staff and Fund members should regard it as a matter of utmost urgency to consult members and try to work out an effective policy for general compliance.

There was agreement the discussion would be continued the following day.

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SECTION E

ORGANISATION DES NATIONS UNIES POUR L'ALIMENTATION ET L'AGRICULTURE
FOOD AND AGRICULTURE ORGANIZATION

297. DEA/5050-AF-40

L'ambassade en Italie
au chef de la Direction économique

Embassy in Italy
to Head, Economic Division

PERSONAL Rome, December 11, 1951

Dear Wynne [Plumptre],

Thank you for your note. I too am sorry we did not meet in Rome. I tried to phone you a couple of times but "Plumptre" proved too large and unfamiliar a mouthful for the operator — and as I knew you were very much pre-occupied with NATO problems and people I did not wait at your doorstep.

My stay in Rome has, I think, been quite useful. The items I had to look after on the agenda — concerning constitutional and legal matters — were not overly important, but I have had a chance to look over the organization here and reform or reaffirm my opinions about it and the Canadian interest in it.

About the usefulness of the FAO in general there can be no doubt at all. The need for it is obvious and I am convinced that it is doing really important practical work in a large number of countries. I am equally certain that the efficiency or usefulness of the work is not uniform but a sure indication of its value is the keen interest which delegations of underdeveloped countries are showing in the activities of the Organization and their desire to become members of the Council. The significant fact is that countries for whom something of real practical importance has already been done are the most interested. I am attaching a copy of "The Work of FAO 1950-51" — The Director General's Report.† This year the report is exceptionally good and gives a fairly broad but specific description of the work of the Organization. I think it should be distributed as widely as possible.

On the negative side I should mention the Organization's long and inefficient Administrative Tail. It is reported to be slightly better than some of the other Agencies, but it is certainly using funds which could better be employed in the technical divisions. Likewise in talking to the Personnel of the Secretariat I was very much impressed (particularly but not entirely in the lower grades) with their preoccupation with their salaries and allowances which are much above the Roman Standard. Many of them have no sympathy with or feeling for the people they are devoting their lives to help. As a general principle I think this is bad and shows a lack on somebody's part in the Organization.

It is of course impossible for me to judge how much money is wasted by the Organization. In the Budget Committee, Alan Hockin did very good work in sys-

tematically questioning large and small items (and I must admit the representative of the D.G. had good answers at his finger tips). I suspect however that there is a good deal of water and waste in many of the figures.

Out of all this comes the general impression of an organization which, after five years of gestation, is on the point of doing increasingly useful work on a relatively small Budget ($5,250,000). Its senior officials seem relatively competent and its general administration not much worse than might be expected and better than some similar Organizations.

The FAO Conference normally functions in three Commissions. The first considers the world outlook for Agriculture, etc. and points up general programs; the second, composed of technical people, studies the individual projects in the program of work for the next two years; the third discusses the Budget and other financial, legal and constitutional issues.

I have given a good deal of thought to the size and composition of our delegation, and this of course raises the question of the Government's interest in the Organization. Canada receives practically no material services from FAO except the usual statistical information. Consequently we have little to gain materially from our contribution or from large representation at Conferences. On the other hand, I cannot express too strongly the feeling of good will for Canada that is felt by all delegations and, I think, the Secretariat. This is due very largely to Dr. Barton and of course in the past to Mr. Pearson. Dr. Barton is extremely well liked and his judgment is highly valued. It is certain that his retirement will leave a very noticeable gap in the Council and Conference and an even greater one on the Canadian Delegation. In addition Alan Hockin has done an exceptionally able and respected job in the Budget Committee and in Commission III and is one of the outstanding representatives on those bodies. A recognition of this is his appointment by the Council to the FAO Committee on Financial Control. Also Dr. Pett has taken a very useful and active part in the Nutrition Panel. In addition we have provided some very good people to the Secretariat, i.e. Dr. Finn and Dr. Archibald.

This element of good will and respect for Canada is well worth maintaining, and in my opinion the only way to maintain it is to send first rate delegates to FAO meetings. This brings up the question of the size of the Delegation to the Conference. As a general principle — in view of the foregoing — my opinion is that the size of the delegation should be directly proportional to its quality. If first class people are available and can be spared, then it is certainly worth sending a large delegation. If some of our good representatives are well known and their ability appreciated in FAO, then they are certain to have extra duties given to them. If our broad interests in the objectives of FAO are accepted I think it is well worth the expense involved to send such people to Rome every two years. On the other hand if mediocre people are sent — people who take little or ineffective part in the debates and who make no great effort to appreciate the problems of the Organization and who do not make a point of getting to know the secretariat, then it is really not worth sending them.

The minimum requirement for full representation is as follows:

Commission I	Head of Delegation	
Commission II	One delegate	
	Second week of conference	
	Agriculture Panel	One technical expert
	Forestry Panel	One technical expert
	Nutrition Panel	One technical expert
	Economics & Statistics Panel	One technical expert
	Fisheries Panel	One technical expert
Commission III	One delegate	

This gives a total of eight, of which four are really needed only in the second week when the Panels are sitting. In addition it is useful to have a secretary — but it is not important to have a stenographer as services can always be had from the Secretariat or from the Embassy, and indeed they are not required in quantity. The secretary should be able to take some part in the meetings and might be a junior in training for FAO work.

The problem of sending a delegation to a Conference will not arise again until November 1953, but at the moment it is difficult to think of an adequate replacement for Dr. Barton. I do not think either Hudson or Trueman will ever be capable of filling his shoes, but there does not seem to be anyone else on the horizon in the Department of Agriculture at present.

The more urgent question is — who will represent us on the Council? I do not think either Hudson or Trueman will be able to make much of a contribution but I have heard no other names mentioned. Dr. Barton will probably speak to you about this when he gets back.

I might say a word or two about the Organization for the Conference. As you may know this is the first year that there has been any attempt at coordinating and approving instructions and, even so, the task was done inadequately. For example, the Department of Fisheries, which did not send a representative to the Delegation, sent only a paragraph of instructions and Shirley MacDonald, who represented us on the Fisheries Panel, was consequently able to make a less valuable contribution than he might otherwise have done. I have suggested, and Dr. Barton agreed, that a report should be prepared on the Conference and he instructed all delegates to prepare short reports on the parts of the agenda with which they were concerned. Unfortunately all except Dr. Pett have left the Conference without providing the Secretary with these reports — but they may be forthcoming in Ottawa. (I have sent you a number of despatches on the Legal and Constitutional issues and Dr. Barton has copies of these). You may wish to have someone follow this up in order to establish the precedent.

I am convinced that the lack of Reports in the past, while annoying, has not affected our representation because of the abilities of Dr. Barton and Alan Hockin. In future, however, I think we should keep a much closer watch on FAO matters.

I have had several talks with Dr. Barton and Claude Hudson about the FAO committee in Ottawa and, I think, have impressed them with the desirability of

keeping closer contact with External Affairs and of organizing and administering the committee more efficiently. Unfortunately however I am afraid they lack a feeling for the separation of tasks and the administrative responsibilities of their Department. I have made them well aware of our difficulties: staffing, etc. But I wonder whether it would not be possible for the Head of the U.N. Division or some senior person to made a point of seeing Hudson, or whoever is chairman of the FAO Committee, before Council meetings (or better still — every few months) and take a closer interest in what he is doing.

Another point. Dr. Barton has told me that he has had some useful talks on technical assistance with the Indians and other delegations from underdeveloped areas. I suggested that our UNTA people would be very interested to talk to him about it. Perhaps you might like to suggest that they call him, when he gets back to Ottawa. I was surprised to hear that Mr. Cavell had not seen him.

I am sorry this has been such a long letter, but I hope some of it may be useful to you as a personal impression. Please remember me kindly to Beryl and all in the Division. Best wishes for a good Christmas Season.

FRANK HOOTON

P.S. Thank you also for your messages from Paris and Cambridge.[11] I should like to go to C. and will certainly look him up.

P.P.S. I have told Dr. Barton about this letter and about my impressions of most of the subjects I have mentioned.

2e PARTIE/PART 2

AUTRES ORGANISATIONS
OTHER ORGANIZATIONS

SECTION A

CONFÉRENCE INTERNATIONALE DES PRODUITS DE BASE
INTERNATIONAL COMMODITY CONFERENCE

PCO/Vol. 194

298.

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

ICETP-79 [Ottawa], February 1, 1951

SECRET

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[11] Non retrouvés./Not located.

Present

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. Graham Towers, Governor of the Bank of Canada,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. A.F.W. Plumptre, Department of External Affairs.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also present:

Mr. J.J. Deutsch, Department of Finance,
Mr. T.N. Beaupré, Department of Trade and Commerce.

...

III. RAW MATERIALS; INTERNATIONAL DISCUSSIONS AND ARRANGEMENTS

8. *Mr. Beaupré* said that plans for international discussions on raw materials were still obscure and somewhat confusing. Both O.E.E.C. and N.A.T.O. had concerned themselves originally with raw materials but their discussions and plans had been superseded by the arrangement made between Mr. Truman and Mr. Attlee in Washington. The plan for a central body on raw materials was also somewhat uncertain. The United Kingdom favoured tripartite membership (the United States, United Kingdom and France) while the United States favoured a rather larger membership. The Deputy Minister of Trade and Commerce had indicated, informally, that he thought Canada was inclined to favour the U.K. approach since any enlargement of the central body would make it very difficult to place a limit on membership and also since any attempt at "area" representation by one or two countries from any given area would be unrealistic. It was understood that under the plan the central body should be responsible for selecting the commodities to be considered and for determining the countries that should be invited to participate in each commodity discussion. There had already been an invitation to participate in a discussion on rubber. Determination of countries to participate in commodity discussion might give rise to difficulty. It was understood that Canada was not on the list of countries to discuss molybdenum, cobalt, wood and tin although we had an interest in each. Canada was on the list of countries to participate in discussions on copper and sulphur. Word had been sent to the Embassy in Washington that Canada would wish to be represented in discussions on all commodities of which it was an importer.

It was not at all clear how the commodity discussions would proceed, including that on rubber. There was some indication that the United States would like an arrangement which would keep rubber from the U.S.S.R. and satellite countries. It was not clear, however, what adequate inducement to the producing countries there would be. Possible proposals in relation to rubber were of special concern since it was the first commodity to be dealt with and might provide a pattern for future arrangements.

9. *The Chairman* said that it seemed doubtful whether a commodity discussion on rubber enabled the right approach in existing circumstances. Because of the character and location of the principal producing countries major questions of East-West policy, which were now in a state of precarious balance, would be to a large extent

involved. If one hope was that an arrangement might be concluded which would keep rubber from going to the U.S.S.R. and satellite countries, it had to be considered that the producing countries were in a very weak position both politically and economically. If the economic interest of the producers were clear they would still have to hedge because of political considerations. However, it was not at all certain that they would consider their economic interests best served by an overall plan that in part aimed at holding down the price of rubber.

It did not look as though it would be possible to achieve a plan for international allocation along the lines of the Wheat Agreement. It might be possible to do something if the approach were rather similar to the wartime arrangement for sugar — that is, if the United States and United Kingdom or either took up the bulk of the exportable surplus with arrangements for resale. If there were plans for bulk contracts of fairly long duration there might be a real incentive to the producing countries.

It was possible that the plans should be looked at in relation to the Colombo Plan for economic development. The primary objective of the Plan was political — to keep the countries from going to pieces in the next few years. It might be sensible to have a plan for rubber under which there would be bulk purchasing combined with assurances that consumer goods and capital equipment would be made available to the producing countries. They did not wish to accumulate sterling balances and some guarantee of a flow of actual goods would be necessary. On the other hand it might make action under the Colombo Plan easier for the contributing countries if it could be linked into a specific and immediate interest of the kind that would be apparent if there were a tie to raw material deliveries from the Asian countries.

10. *Mr. Beaupré* said it was difficult to see how any attempt at international allocation machinery through the commodity discussions could be made to work. With restricted membership in the discussions, many countries would feel badly left out and there was likely to be quite a bit of ill feeling. It might be possible to get participating countries to work toward comparable restrictions on their own use of materials but as to allocation the outcome of the tin conference had shown how difficult it would be to reach an arrangement.

11. *The Deputy Minister of Finance* said there might be some value in the discussions simply for consultation. They might provide a means by which there could be more coherent arrangements under which individual countries' contracts for future supplies could be entered into. It was difficult, however, to see any specific allocation machinery working.

12. *The Governor of the Bank of Canada* said that it would not in all cases be satisfactory for Canada to have the United Kingdom and the United States acting together or separately as principal buyers. So far as the United Kingdom was concerned, it appeared that its present position had been made more difficult by continuation too long of restrictions on raw material purchases in an effort to build up gold and dollar balances. In effect, the United Kingdom had run down its commodity reserves in an effort to improve its financial reserves. In the change of circumstances, it was the commodity reserve that was the more important. U.K. policy

should have changed over in June and failure to make the alteration had cost the United Kingdom very dearly.

13. *The Committee* noted the report on international arrangements and discussions concerning raw materials.

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299. DEA/11307-40

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-415 Washington, February 1, 1951

Following for M.W. Mackenzie, Deputy Minister, Department of Trade and Commerce, Ottawa, Canada, from John H. English, Begins: Please pass a copy to Mr. Plumptre, reference our form despatch 310, of January 24th.†

2. Further to my confidential letter of January 23rd,† reference Raw Materials Committees, I was informed at a meeting this morning by John Evans of State Department that, contrary to our original impression, State Department is proceeding with the idea of enlarging the international raw materials group of three although no agreement to do so has yet been reached with the British or the French. When we mentioned to State Department that the enlargement of the Central Committee was completely contrary to the impression we had gained in Thorp's office, and in our opinion would only tend to complicate the problem and make it more difficult, Evans said that he regretted there had been a misunderstanding and that while it is correct that the United States had agreed to restrict the Central Committee to three, this was an interim measure for the purpose of meeting British objection and of getting the commodity committee operating at as early a date as possible. He said that the United States had never given up the idea that the Main Committee should not be enlarged and he further added that they had been strongly pressed in this view by a large number of requests from small countries wishing representation on the central group. These countries apparently feel that it is important to be represented on the Central Committee in order to exert their influence respecting the commodities to be studied and to ensure adequate and appropriate consideration by the commodity committees themselves. It is evident from a subsequent conversation with Rowan of the British Embassy that the British are by no means sold on this question of enlargement of the Central Committee and in his own words "they have not and would not agree". Meanwhile the United States are apparently undecided whether individual countries should be invited to join the central group or whether representation should be arranged through international organizations such as O.E.E.C. for the smaller European countries and so on. Already the Latin American countries have taken the matter in their own hands and (without being invited to do so) have nominated one representative for that group. Evans expressed the hope that South East Asia and the British Commonwealth

might similarly be able to have group representatives although he recognized the problem, especially with respect to South East Asia.

3. We reiterated the Canadian view that a small Central Committee of three is much to be desired and that we thought that any enlargement would simply lead to an unwieldy committee and would increase the overall problems without giving any important advantage.

4. As regards the Central Committee, Evans said that agreement has now been reached respecting the commodity committees to be set up immediately, and those countries to be invited to serve on these committees. He said the list was not being published at the present time but had been given to us for our confidential advice. The agreed commodities and those to be invited to serve on them are as follows:

COMMODITY	COUNTRIES
Copper-zinc-lead	U.S., U.K., France, Canada, Chile, Belgium, Germany, Mexico, Australia, Peru, Italy, Norway
Tin	U.S., U.K., France, India, Belgium, Neth., Bolivia, Indonesia, and Thailand
Wool	U.S., U.K., France, Germany, Australia, N.Z., So. Africa, Argentina, Belgium, Italy, Uruguay
Cotton (including linters and long staple)	U.S., U.K., France, Canada, Brazil, Mexico, India, Pakistan, Belgium, Germany, Italy, Egypt, and Peru
Sulphur	U.S., U.K., France, Canada, Australia, N.Z., Belgium, Italy, Brazil, Switzerland, So. Africa
Tungsten-molybdenum	U.S., U.K., France, Portugal, Bolivia, Sweden, Burma, Australia, Brazil, Spain, Chile, Germany
Nickel-cobalt-manganese	U.S., U.K., France, So. Africa, Cuba, Germany, Belgium, Canada, India, Brazil, Norway.

5. The Tin Committee is not being called at present until it is determined what attitude Indonesia displays at the Rubber Committee which is shortly to meet in London.

6. It is proposed to send out invitations this week to all commodity committee members and to request answers within ten days. The first committees are to be convened in Washington about three weeks thereafter, say about the end of February.

7. In the commodity committees it is proposed to limit attendance at meetings to one delegate representing each member country, together with an alternate who would presumably be a commodity technician. The alternate or technical representative might, of course, be different at each commodity meeting, depending on the nature of the agenda.

8. As you are aware, Canada is being invited to become a member in the commodity committees to study copper-zinc-lead; cotton; sulphur; and nickel-cobalt-manganese. With respect to the nickel-cobalt-manganese, State Department would appreciate having from us immediately (A) Any comments we may care to offer

respecting the countries to be invited as members of this committee, and (B) Whether we will be prepared to accept membership on the committee. Ends.

300. DEA/11307-40

L'adjoint exécutif du sous-ministre du Commerce au conseiller commercial de l'ambassade aux États-Unis

Executive Assistant to Deputy Minister of Trade and Commerce to Commercial Counsellor, Embassy in United States

CONFIDENTIAL [Ottawa], February 1, 1951

Dear Mr. English:

Thank you for your letter of January 23rd† concerning U.S. thinking in connection with the proposed international commodity groups. There appears to be considerable confusion in this particular field at the present time. For example, a month or six weeks ago a representative from the U.S. Embassy called on Wynne Plumptre to ask whether or not Canada would be prepared to accept an invitation to a rubber conference. I was with Wynne during these discussions and we agreed that we would be prepared to accept such an invitation. At the same time Kilcoin, who was the representative from the U.S. Embassy, gave us a list of countries that they proposed to invite.

A week or ten days ago, however, we received an invitation from the British asking us to attend a rubber meeting in London on February 5th and they also advised us of the other countries being invited. We found that the U.K. list varies from the U.S. list.

Finally, in the attachment to your letter under reference, the Americans indicate the countries that they felt should be invited to a rubber conference and, behold, Canada is not included despite the fact that we are in the process of briefing our team for the London meetings next Monday.

In examining the other tentative recommendations for representation on commodity committees we note the committees on which we were included and we are prepared to accept invitations if and when invited. On the other hand, forgetting the rubber committee, we find that we have not been included on the tungsten and molybdenum committee, the tin committee and the wool committee. Naturally as claimants of these commodities our first reaction is to agitate for membership on these committees.

On the other hand, we realize that if these commodity groups are going to be given any chance for success (and it is my personal belief that such chances are limited) it is obviously desirable to keep the number of countries participating to a minimum. However, I do not think that we can afford to be boy scouts in this effort and I think that we should request membership on those committees in which we have not been included and let the central group be responsible for proving to us why we should not receive such invitations.

I might say that I have discussed this subject in general terms with the Minister and it is his feeling that at least for the non-ferrous metals commodity discussions we should look to George Bateman as our representative. So far we have not approached him officially in this regard but I expect that there is little question that he will take on the job if Mr. Howe requests it.

I might also mention that Hampshire of the U.K. High Commissioner's Office here in Ottawa has approached Wynne Plumptre's Division in order to ascertain whether or not we are interested in participating in certain commodity committees. We are not quite sure of the intentions of our various suitors but are doing our best to be prudent.

Yours sincerely,
T.N. BEAUPRÉ

301. DEA/11307-40

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

CONFIDENTIAL [Ottawa], February 19, 1951

RAW MATERIALS — MEETINGS IN WASHINGTON

You may wish to have a word with Mr. Wrong on this subject while he is here.[12]

2. The Central Group under United States, United Kingdom and France is now getting going although final agreement has not yet been reached as to whether other countries shall be added.

3. Despite this disagreement invitations have been issued to many countries to attend half a dozen meetings on different commodities. These meetings will begin early in March and go on "indefinitely". Canada is accepting membership in four groups.

4. The invitation that we received (from the United States Embassy here) put forward the rules that were to govern the groups. Amongst other things it was proposed that each country should be represented on each commodity group by not more than two men: a general policy man and an expert adviser. The former would presumably represent his country on most or all of the commodity groups; the expert adviser would be different for different commodities.

5. Stanley Allen of Trade and Commerce tells me that he has been named by Mackenzie as the general policy man. Carson, an assistant to English in Washington, will be available to alternate for Allen as policy man if a second person of this

[12] Note marginale :/Marginal note:
Miss Rae Please see that Mr. Wrong sees this. We can have a word about it later A.D.P.H[eeney]. Feb 21

type is needed. In addition experts in particular commodities will be sent to Washington as they are needed.

6. This is fine — except that our Department has a very active interest in these matters. The raw materials under consideration come from different sorts of countries all over the world; all sorts of political issues are raised — indeed they are likely often to be dominant. In the case of rubber a meeting has already been started in London and it has bogged down as much on political issues as on economic. In this case Trade and Commerce suggested that [A.E.] Ritchie of our Department should work with their man in London, Guy Smith, who is Canada's chief representative. This arrangement has, I think, worked very well.

7. Unfortunately we cannot make the same arrangements in Washington partly because we have not got anyone like Ritchie on the staff of our Embassy there and partly because the proposed rules for the commodity meetings allow for only one policy man and one expert.

8. Allen has asked me to attend a meeting with him later this week to discuss the whole situation and I have welcomed an opportunity of doing so. I have great confidence in his good judgment and sense of cooperation.

9. My chief worry in the present situation is that Allen will be taking his instructions primarily from Denis Harvey. I am not sure that any political guidance we may have to offer will get through in the form in which we put it forward. Denis has a habit of seeing things through a glass darkly.[13] Further, he is at present rather prone to be the "little Canadian", looking after our commercial interests pretty carefully and tossing aside proposals for international control or regulation as completely visionary and impractical.

10. Hence I would rather like to be able to establish, through our Embassy in Washington, a direct contact with Allen. Could we so arrange things that on broad matters of policy Allen took his instructions from Mr. Wrong, or will Mr. Wrong be too busy to concern himself with these matters?

11. I feel pretty sure that Allen himself would welcome the suggestion I have made above, but would Mr. Wrong?[14]

A.F.W. P[LUMPTRE]

[13] Note marginale :/Marginal note:
Very true [Hume Wrong]

[14] Note marginale :/Marginal note:
Mr. Plumptre I understood Wrong spoke to you. He seems to think he can work [this] out OK
A.D.P.H[eeney]. Feb 22

DEA/11303-40

302.

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre du Commerce

Under-Secretary of State for External Affairs to Deputy Minister of Trade and Commerce

CONFIDENTIAL Ottawa, February 21, 1951

Dear Mr. Mackenzie:

There are growing evidences of shortages of newsprint in various parts of the world. In recent months we have had, I am sure, nearly a dozen enquiries from various governments about the possibility of Canadian Government assistance in supplying newsprint. No doubt you have had many more enquiries. The Government of France is now officially on record as favouring international measures to deal with the pulp and paper situation and the British Government is on record as supporting them.

2. Newsprint is of special interest to this Department because of its political significance.

3. There is, I fear, a good deal of resentment building up in various parts of the world and this resentment is all too likely to focus on Canada as the largest exporter of newsprint in the world. We can of course try to shift the responsibility or blame to the United States; if only the United States publishers would be less greedy or if only the United States Government would check their appetite, the Canadian newsprint industry would have more supplies to meet needs elsewhere. While there is a good deal of truth in this line of argument I do not think it is a complete defence. Our Government can scarcely avoid some responsibility in the matter and, while Canadian commercial interests may lie in the direction of selling every possible ton of newsprint in the United States, Canadian political interests (and I would add Canadian defence interests) lie in ensuring reasonably adequate supplies in countries that are our friends and allies.

4. My first reaction to proposals for any sort of international intervention in the field of newsprint is to shy away from them. The Canadian newsprint industry would, I imagine, resist vigorously. The attempt of the Production and Resources Board to deal with newsprint problems during the last war was a singularly unhappy one. It is difficult to be optimistic about any arrangements in this field which might originate from the Central Group (U.S.-U.K.-France) recently established in Washington.

5. Nevertheless I believe we should think very carefully before resisting or obstructing any positive proposals that may come from the Central Group or other sources. If Canada refuses to discuss international arrangements regarding newsprint the whole weight of criticism all around the world falls on us. On the other hand, if we make it clear that we are willing to enter into discussions with the main producers and consumers (including, of course, the United States) we shift part, indeed perhaps most, of the weight where it belongs: i.e. onto the United States.

6. Judging from difficulties and recriminations that arose during the last war regarding newsprint allocations and restrictions in the United States, I believe the United States authorities will be most reluctant to introduce them again under present conditions. I do not believe they will do so until the newsprint situation around the world is pretty desperate. And at such a time, when the United States Government is willing to face up to the embattled U.S. publishers, I believe our Government could and should face up to the embattled Canadian newsprint producers. Our Government should then be willing to introduce whatever system of controls or allocations the situation may warrant.

7. I do not mean, for a moment, that we should carry on a campaign in favour of international allocations, or that the Canadian Government should, on its own initiative, cut down our exports of newsprint to the United States; either action would unnecessarily incite the United States press to attacks on Canada and the Canadian Government. The very fact that the Central Group exists, and that it has assumed responsibility for initiating whatever international action is needed in the field of raw materials, means that we are fully justified in taking no initiative. On the other hand we should, I believe, be scrupulously careful not to resist or obstruct international discussions if they are proposed by the Central Group.

8. I would much appreciate your views on the suggestions in this letter.

Yours sincerely,

A.D.P. HEENEY

303. DEA/11303-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, February 24, 1951

Dear Mr. Heeney:

In reply to your letter of February 21st on the political implications of the newsprint situation, I think our stand on this matter should be one of supporting any action the Central Group takes to initiate discussions on the international allocation of newsprint.

I agree with you that we should not take any action on our own initiative to cut down on our exports to the United States or to make them feel that we are discriminating against them. At the same time, I feel that international allocations determined by the major producers and consumers, including the United States, is the only solution to this problem of supplying pulp and paper to countries other than the United States. I would certainly not be in favour of any action that would resist or obstruct any international discussions that might be proposed by the Central Group. I think a more positive approach is called for at this time and, in fact, it might be advisable to do what we can unofficially to get such discussions under

way as soon as possible. On the other hand, I do not think it is necessary, at this stage, for Canada to go officially on record in support of international measures to deal with the pulp and paper situation.

I think you will find that the newsprint association is more or less in agreement with this line of action, and you might be interested in seeing a letter, dated February 9th,† which Bob Fowler sent to E.A. Holmes, deputy paper controller for the British in the last war. A copy of this letter was sent to Norman Robertson and is available in his files.

Yours sincerely,
M.W. MACKENZIE

304. DEA/11307-40

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-794 Washington, March 2, 1951

CONFIDENTIAL

Following for M.W. Mackenzie, Trade and Commerce, (Attention T.N. Beaupré) copy to A.W.F. Plumptre and J.J. Deutsch, Department of Finance, from S.V. Allen, Begins: Reference International Materials Conference. Reference circular telegram B. 18 of February 26th† from London, initial United States reaction to the United Kingdom suggestion is that the Commonwealth should not have more than three representatives on the central group. It is now fairly certain that the central group will be enlarged by additional representation of O.E.E.C. and O.A.S. as groups and as a result our attitude concerning Canadian participation in the central group needs definition. There has been no indication so far as to what direct effect, if any, the central group's activities will have on the work of the individual committees but control over the secretariat and the establishment of new commodity committees, and their membership, will be a part of its functions. Although enlargement of the central group to include O.E.E.C. representation, for example, might have the effect of relieving pressures on us from individual countries for raw materials, of which we are excess producers, it seems to me that our position in respect of items for which we are claimants might be weakened by non-participation, especially in the case of those committees where we have no direct representation, for example, wool. Early comments on this point would be appreciated.

2. We expect we shall be requested to participate actively in the central group secretariat by the assignment of a "body". Charles W. Jeffers, chief of the industry division of E.C.A., is to be the executive secretary of the secretariat, and the United Kingdom have appointed J.H. Penson, Attaché at the Embassy, as assistant executive secretary. Although the channelling of information to the various committees in the case of non-members has not been clarified, the secretariat might become the

official channel, and for that reason Canadian participation would be a useful means of keeping track of the work of the committees where we are not represented. So far, committee papers are only being distributed to members.

3. Our views on the nomination and election of Canadian nationals as permanent chairmen and vice-chairmen of the Commodity Committees are still being sought. Fred Winant who is now special assistant to Gibson of DPA, raised the matter with English yesterday, when he was assured that we had no strong views on the subject, but that it would be preferable for large producing countries not to chair committees if suitably qualified individuals from other countries could be found. Winant mentioned Bateman as a possible ideal chairman for the Copper, Lead, Zinc Committee. Of the six committees now planned, this is the most likely one for which we might be asked to supply the chairman. It is impossible to estimate what time would have to be devoted to the work but some United States officials think the committees should meet for a month now, recess and convene again when desirable. The United States is anxious to avoid the prolonged operation of the committees with temporary chairmen of United States nationality but it will be necessary for such arrangements to continue for two or three weeks until members become better acquainted.

4. There has been some suggestion of a budget for the I.M.C. but no indication yet of United States thinking as to a formula or the forum for discussing it. Ends.

305. DEA/11307-40

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-484 Ottawa, March 5, 1951

SECRET

Reference your telegrams WA-794 and WA-813† concerning enlargement of central group of IMC.

Following for S.V. Allen from T.N. Beaupré, Begins: We remain convinced that neither the central group's terms of reference nor membership should be enlarged upon. However, we recognize that if the membership is increased it is quite likely that the central group will take on additional powers. Under these circumstances we feel that if the central group is to be enlarged to seven we should make a strong case for Canadian representation. Furthermore, we think that any plans to further enlarge the central group to eleven should be resisted.

I believe that in our telephone conversations we have covered the other points raised in your WA-794. We are now considering possible representation on the central group and its secretariat if we are appointed to the central body. We note that, although the United States is not anxious to continue the operation of the committees with temporary chairmen, they are resigned to the necessity of carrying on

such arrangements for another two or three weeks. We agree with this plan, and will be prepared to discuss the possibility of Canada's providing chairmen at the end of this period if there remains some demand for Canadian chairmen. Ends.

DEA/11307-40

306.

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-896 Washington, March 9, 1951

SECRET

Reference Allen's message to Mackenzie WA-868 of March 7th.† Central Group, International Materials Conference.

1. I saw Willard Thorp, Assistant Secretary of State, this morning at his request. He said that agreement had been reached yesterday afternoon between the British, American and French representatives to support the enlargement of the Central Group to ten members to include four from the Western Hemisphere, four from Europe and two from Asia to the Far East. Speaking for the three governments he then extended an invitation to Canada to become a member of the group. He added that he was not at liberty to tell me which other countries were being invited to join; it would be embarrassing to pass this information around until their acceptance had been secured. The membership, however, would include the present three and representatives of O.E.E.C. and the Organization of American States.

2. This means that the four Western Hemisphere members would be the United States, O.A.S., Canada and one Latin American country. The four European members would be the United Kingdom, France, O.E.E.C. and one other, and the remaining two would presumably be India and Australia.

3. He asked me to let him have a reply by Monday, as it is desired to make an announcement as soon as possible and to preserve secrecy in the meantime. I told him I was sure that the Canadian Government would accept, since our view was that if the original membership of three was to be changed (which we did not wish) so that the Central Group became more fully representative of the non-Communist world, the Canadian interest as producer and consumer of raw materials made Canadian membership necessary.

4. I took the opportunity of raising some other questions about the work of the conference. About the role of the Central Group he said that its main functions were to see that commodity committees were set up as the need arose on a proper representative basis, to do the supporting work for the commodity committees, such as provision of the secretariat and other services, and, as he put it, to see that "the area was well occupied" which ought to be filled. The last he thought was the most important duty. The Conference was an experimental organization and no settled pattern of operations should be adopted as yet.

5. I asked him about pressures to establish new commodity committees. He said that he thought the pressures were currently greatest for a committee on pulp and paper; there is also some demand for a committee on hides and skins and among some of the Latin Americans for a committee on tin-plate. He thought that the newsprint issue would have to be tackled because of its pressing importance, and he readily recognized that this must involve some restriction on consumption in the United States.

6. I also asked him about a question which has arisen in some of the commodity committees — the admission of non-members as observers. He said that this was not settled and that the United States view was that it should be left for consideration by the enlarged Central Group. He agreed that once the admission of observers started it would be difficult to control.

7. Will it be possible for you to give me by Monday morning an official reply to the invitation to Canada to join the Central Group? Please pass copies immediately to Messrs. Plumptre, Deutsch and Beaupré.[15]

307. DEA/11307-40

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-1012 Washington, March 19, 1951

SECRET. IMMEDIATE.

RE INTERNATIONAL MATERIALS CONFERENCE

Following for M.W. Mackenzie, Department of Trade and Commerce, repeat to Plumptre and Deutsch, attention Beaupré, from S.V. Allen, Begins: The initial central group members have now agreed to set up an IMC Pulp and Paper Committee and invitations are to be issued shortly after agreement on membership has been reached. No other new committees are presently under serious consideration and previous suggestions concerning groups to deal with hides and skins and fats and oils have now been shelved.

2. Understand that the Union of South Africa is making representations concerning membership on enlarged central group. As the new membership has been announced the position of new members presumably will have to be dealt with by the larger group and it would therefore be appropriate for the Embassy to be instructed on what attitude we should adopt here. Ends.

[15] Le Canada confirma sa décision d'adhérer au Groupe central dans le télégramme EX-516 du 9 mars 1951† d'Ottawa à Washington.
Canada's decision to accept membership in the Central Group was confirmed in Telegram No. EX-516, March 9, 1951† from Ottawa to Washington.

308. DEA/9245-C-40

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

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

LETTER NO. E 438 Ottawa, March 21, 1951

RESTRICTED

NEWSPRINT SHORTAGE IN FRANCE

When Mr. Pleven was here Mr. Alphand raised this question with Mr. Norman Robertson and others.[16] Shortly afterwards Mr. Queuille wrote to Mr. Robertson. He had heard that there was likely to be a slight increase in newsprint production in Canada and wondered whether this increase might not be available to France. Mr. Queuille was invited to call on the Department to discuss the subject in some detail and he did so yesterday.

2. Mr. Queuille said that France was confronted by two separate problems in the field of newsprint and wood pulp. There was a long term problem arising from a shortage of pulp wood for the French mills. Supplies of pulp wood from the French Zone of Western Germany were no longer forthcoming. (I rather gathered that the French had taken a good hack at the German forests as long as the opportunity offered).

3. The more immediate problem was a shortage of newsprint in the face of the coming elections which would take place in a few months. The demand would increase and (although this was not quite clear) supplies from certain sources seemed to have been cut off recently. The French Government could of course control the situation and spread the available newsprint around thinly among the French publishers but this was an undesirable type of action particularly shortly before an election.

4. The Canadian position was explained in some detail to Mr. Queuille. He was told that Canada was facing requests for additional supplies of newsprint for a large number of countries, including India, Egypt, Yugoslavia, South American countries, and others.

5. Experiences in the last war had shown all too clearly that many United States publishers would seize any opportunity to blame the Canadian Government or the Canadian newsprint industry, or both, for any shortages of supply of newsprint from Canada under a regime of controls. If there was to be any cutting back of United States consumption it should be undertaken by the United States authorities and not by the Canadian Government or the Canadian newsprint industry.

6. The Canadian newsprint industry has been developed to serve the American market rather than the Canadian market. The Canadian mills have contracts with

[16] Voir aussi le document 890./See also Document 890.

their American customers. These contracts have in them clauses under which the Canadian mills undertake to meet the "requirements" of their customers in the United States. Thus any increase in Canadian production is already "spoken for" at a time (like the present) when American demand for newsprint is strong. There is no surplus automatically available to be sent to other countries.

7. It may be admitted that the legal position of these "requirements contracts" might be challenged in a court of law. The hold which the American customers have over their Canadian suppliers stems not so much from the terms of the contracts as from the general power of the press in the United States. The "requirements contracts" can always be used as an argument if Canadian supplies which are wanted in the United States get diverted elsewhere.

8. It was pointed out to Mr. Queuille that under these circumstances it would be very difficult indeed for the Canadian Government (let alone the Canadian newsprint industry) to set aside even small amounts for overseas countries. The best hope of these countries, if they felt themselves short of newsprint, was to use the facilities of the International Materials Conference in Washington. It was not up to Canada, as the world's chief supplier, to press for action there; this was the responsibility of the countries feeling shortages. Nevertheless it was the intention of the Canadian authorities to facilitate international consultation in Washington and, if this proved to be necessary, international action.

9. Mr. Queuille said that he would transmit this information to the authorities in France.

A.F.W. PLUMPTRE
for Under-Secretary of State
for External Affairs

309.

DEA/11307-F-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-988

Ottawa, May 5, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 765; Paris No. 167.

INTERNATIONAL MATERIALS CONFERENCE

1. We would be grateful if you would give this matter your attention first thing Monday morning. There is a meeting of the Copper-Lead-Zinc Committee on Monday at which important precedents may be set. The matter was discussed yesterday (Friday) between Messrs. Beaupré, Harvey, Deutsch, Hewett, Monture and Plumptre. Beaupré expected that Mackenzie would raise these matters with Mr. Howe and that instructions would be telephoned to Allen.

2. The Copper-Lead-Zinc Committee is the first to get its statistics together and grapple with the problem of re-distribution of supplies. It formed a statistical subcommittee some weeks ago. The report of this committee, which is to be considered on Monday, does not merely set out the facts of the problem but suggests certain simple formulae for re-distribution of supplies of copper. Apparently the subcommittee agreed that each country ought to get its stated military requirements without question. Stockpiling would get next priority but there was some difference of view in the subcommittee about how this should be handled. The residue should be divided between the countries of the world in proportion to their use in some recent period — 1949, 1950, or both. This residue is described in the statistics as "essential civilian". Allen has taken part in the statistical subcommittee, but, like others, he was, we understand, acting as an expert and not representing his Government in this exercise. The result of the exercise suggests cutbacks of "essential civilian" use in all participating countries of not less than 15 per cent and not more than 25 per cent, depending upon how much is allowed for stockpiling.

3. Beaupré, who convened yesterday's meeting, began by pointing out that Canadian officials have recently been prone to "pass the buck" to IMC when approached by representatives of countries who wanted metals, newsprint, etc. It was important, therefore, that officials should try to ensure that the recommendations produced in IMC were reasonably acceptable to Ministers. He doubted whether the formula described above would be acceptable. Ministers might well be willing to meet real emergencies as they arose amongst our allies and for this purpose might envisage restriction of Canadian supplies, pockets of unemployment, etc., but they would not face up to such situations merely to implement a statistical formula. Hence, even though Allen, as an expert, had accepted the report of the subcommittee it seemed desirable to make different proposals when the Committee met on Monday.

4. Beaupré suggested that the Committee should set up a "Ways and Means Subcommittee" and other members of the group elaborated the suggestion. It would seem desirable, now that the basic statistics have been set up and the order of magnitude of the deficiency of copper indicated (statistically 20 per cent of supply of which about half may be "water"), that the main supplying countries should offer to try to meet the situation by a judicious re-distribution of supplies in response to established needs and emergency requirements. This "Ways and Means Subcommittee" might consist of the main suppliers — Canada, the United States, Peru, Chile, Rhodesia and Belgian Congo. The supplying countries would naturally want to satisfy themselves of the validity of the demands being made both by each other and also by other countries before accepting reductions in the supplies made available to their own people. Hence this avenue should be explored before the Committee even considered arbitrary cutbacks. A similar first approach to emergency situations is already being tried out in the field of newsprint.

5. Hewett emphasized that he imagined most countries had put in requirements which were inflated by 10 or 15 per cent. He suggested that it would not be too difficult to squeeze down Canadian usage by something like 10 per cent but beyond that there would be a real difficulty and he would certainly be going well beyond the present instructions of his Minister.

6. Plumptre emphasized that no action should be taken by Canada which would cause a breakdown of the Copper Committee. United Kingdom and European countries were getting to a most precarious position in relation to the high prices and short supplies of scarce materials. The resignation of Mr. Bevan was significant. The apparent success of MacArthur in the United States caused further disturbance to European confidence, economic and political. While Plumptre agreed with Beaupré that a new approach was desirable by the Copper Committee, the matter would have to be handled with the greatest skill and tact. All the other members of the group warmly supported these views.

7. Harvey considered that the "ways and means" approach was much more satisfactory than the crude statistical approach and that it would probably work satisfactorily in Committees where Canada was a consumer as well as those in which Canada was a main producer.

8. Deutsch in particular supported the political points that Plumptre had raised but also felt strongly that Ministers would not accept cutbacks based on arbitrary worldwide formulae.

9. It was felt that it might be necessary to obtain a postponement of the Committee discussion of the Statistical Subcommittee. General agreement, however, seemed to be reached on the following points:

(a) A simple crude formula would not work satisfactorily. If a formula approach were to be adopted at all it would have to be much more refined. In particular it would have to take account of varying degrees of civilian essentiality. (So far the Sub-Committee has shied away completely from this problem).

(b) An attempt should be made in the Copper Committee to get the "ways and means" approach at least tried out before resorting to a formula. The chief responsibility would fall on the supplying countries and within this group the leadership would obviously be taken by U.S., U.K. and Canada. It was agreed that, while this proposition could be explored behind the scenes in advance, it could not work continuously behind the scenes without becoming known and causing grave suspicion.

310.

DEA/6750-40

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

CONFIDENTIAL

[Ottawa], May 10, 1951

PRICES OF BASIC MATERIAL EXPORTS

I attach a copy of a summary of a meeting held on this subject yesterday in the Department of Defence Production. A lot of very interesting and important ground was covered, some of it rather contentious.

2. I found myself talking rather more than usual and in retrospect I am not quite sure whether you will entirely agree with what I said, particularly my suggestion

that the Government should not force Canadian exporters to sell at low (North American) prices when their output is being diverted to higher priced (protected) markets abroad. I am sure that these matters will be discussed again and would appreciate your guidance.

3. I am sending copies of my memorandum to Wrong, Wilgress, and Couillard, inviting their comments and suggestions.

4. I was very glad that Max Mackenzie called this meeting together. I feel that now he is divested of his responsibilities for Trade and Commerce he is becoming much more concerned about Canada's responsibilities in the material (and price) field not merely towards the United States but also to NATO allies and other countries. This attitude will naturally spread out to others in his Department.

5. I am not sure whether you will want to show all this rather detailed material to the Minister.[17]

A.F.W. P[LUMPTRE]

[PIÈCE JOINTE/ENCLOSURE]

Note d'une réunion du ministère de production pour la Défense

Notes on Meeting in Department of Defence Production

CONFIDENTIAL [Ottawa], May 10, 1951

Max Mackenzie called this meeting together. Those present: George Bateman and Bob Fowler, as well as Ottawa officials: Towers, Beattie, Taylor, Deutsch, Beaupré, Hewett, Sharp and myself.

2. Canadian exporters of base metals, wood pulps, and newsprint, have already raised some interesting questions and have asked for guidance. Officials foresee other questions. These include:

(a) A small shipment of zinc was ordered from Japan, apparently approved by SCAP, at double the normal price. Zinc is in particularly short supply in the United Kingdom at present but the Japanese price is very tempting.

(b) A United Kingdom firm wants to order a small quantity of sulphite pulp at a price nearly double the North American but about equal to Swedish prices. Sweden is the chief source of this material for the United Kingdom. Is there any objection to the Canadian exporter accepting the order and the United Kingdom price?

(c) Canadian exports of copper to the United States are made at United States ceiling price of 24 1/2 cents. This opens an escape clause in the contracts covering Canadian sales in the United States. Should Canadian firms immediately negotiate for a 27 1/2 cent price?

[17] Note marginale :/Marginal note:
Mr. Plumptre this is very interesting — & will become more so I suspect! In general your line seems to make sense but I fancy US pressure — & others — will develop pretty rapidly when new price tags go on Perhaps a note for the Minister at a later stage A.D.P.H[eeney]. May 12

(d) The price of Canadian nickel has been relatively stable and profits moderate in the recent past. Increases in cost of production are causing problems. Is there any objection to an increase in price?

(e) What is true of nickel is also apparently true of newsprint. The pulps going into newsprint could actually be sold profitably in their existing state. Is there any objection to increased price of newsprint?

(f) If allocations of one sort or another are worked by the International Materials Conference what price should apply? For instance Canadian newsprint sells at $100.00 a ton in North America and Canadian contracts with the United Kingdom are on a basis of $112.00 to make allowances for certain extra costs connected with overseas shipments. However, if Canadian newsprint is allocated to certain sterling area destinations (India, Egypt, etc.) it will sell alongside paper from soft currency sources which is fetching $300.00 or more a ton. What price should the Canadian mills charge for the paper diverted to these markets?

3. The meeting was not, of course, considering any general attempt to control export prices of Canadian basic materials. The great bulk of the Canadian product is already contracted for in the United States, the United Kingdom, and elsewhere. There is no intention that the Canadian authorities should attempt to intervene or take control.

4. However, producers were raising particular problems and would raise more. Mackenzie said that he felt that the Government could not ignore these problems. (He himself had refused an export permit on the high priced zinc to Japan — much to Bateman's disgust). He suggested that Canada had a special responsibility not to gouge the United States by means of high prices. United States ceilings covered exports to Canada and other countries; in so far as the ceilings held we were benefiting from them. Sharp and Taylor who had recently talked with price people in Washington supported this view.

5. Towers questioned the refusal to send zinc to SCAP at high prices and raised the question whether Canadian responsibilities did not extend into the field of supply and distribution of materials rather than their prices.

6. I said that, while we might have a special relationship with the U.S., we certainly should not merely keep prices down on this continent and let the rest of the world go hang. Our NATO allies, and others in the free world, were already very suspicious that North America was looking after itself and letting the devil take the hindmost. Witness the resignation of Bevan. Hence our interest had to extend well beyond prices of sales to U.S.A. I went on to emphasize Towers' point — that we should keep our eye on the ball which was *supplies*. If we fulfilled our responsibilities in this regard we would ease price situations where they were most harmful; but that was incidental to relieving the shortage itself.

7. It was pointed out, from several angles, that if Canadian suppliers did not charge prevailing prices in markets abroad (e.g. zinc in Japan, pulps in U.K.) they would simply be handing a fat profit to some middleman or producer abroad.

8. Towers emphasized that, in part, the problem arose because the prices we charged the U.S.A. were often, over a long period, uneconomically low. Sometimes Canadian producers did not pass on costs of depletion (e.g. Canadian forests); U.S.

domestic producers got tariff protection, subsidies when needed, and other advantages from time to time (e.g. copper); the brunt of any decline in demand always fell on the foreigners; for these and other reasons one could justify charging higher prices to U.S. than their own producers were receiving at home. Incidentally, high prices on U.S. sales improved our dollar position. Nevertheless, there were political and other difficulties in pursuing this line.

9. Fowler said that the price of newsprint would have to rise soon, that many U.S. publishers recognized this, but that he feared objection from the U.S. authorities. (He is obviously angling for Canadian government backing on newsprint price increases. Such backing was given in the last war and led to a good deal of acrimony between government representatives.)

10. Mackenzie asked if the general level of our export prices were raised (newsprint, copper, etc) this should apply to Canadian producers? Fowler thought that Canadian mills could drag their feet before applying higher prices in Canada. Bateman thought the prices at home and in the U.S. should be the same and so did most of the meeting. It was specially difficult to sell to U.S.A. at prices above our own domestic as long as we get the protection of their ceilings on exports to Canada.

11. The position of copper was agreed to be peculiar. It seemed unfair that the U.S. should pay higher prices for Chilean copper than Canada. On the other hand it seemed undesirable for Canadians to make life difficult for the U.S. price authorities unless there was very strong justification for them doing so in terms of rising costs and shrinking profits (which would not appear to be the case). It was generally agreed that domestic producers of copper in the United States were likely to protest against the higher price being paid to Chile. It would be desirable for these producers to "make the running" on behalf of higher prices for imports from Canada.

12. In regard to the problem arising from allocations, I suggested that, if the Canadian producers were *willing* to charge North American prices on these "forced sales" in remote and uncertain markets, so much the better; but that I did not see why the government should force them to accept less than the "generally ruling price" in the country to which the forced sale was made. I repeated my emphasis on getting *supplies* to where they were needed, rather than controlling prices as such. The others present agreed that this was a good principle but a number of points emerged in the discussion:

(a) Countries with shortages would no doubt hope and expect to buy at North American prices — and would scream if they were charged more.

(b) On the other hand, additional supplies from North America would soften prices abroad.

(c) A good deal of the "steam" behind demands for allocations might disappear if North American prices did not apply.

(d) The fact that dollars, not soft currencies, were involved would further curtail requests for our supplies if prevailing prices were charged.

(e) In some cases (newsprint may be one) producers may be quite willing to accept North American prices, especially if there is any likelihood of the new

"forced" markets becoming permanent. This might be one way of getting back into some sterling markets lost during the period of acute dollar scarcity.

13. Out of all these and many more considerations it seemed possible to distil these principles to guide Ottawa officials when price problems were raised by exporters:

(a) Exporters should not be discouraged from accepting ruling prices in foreign countries merely because Canadian prices are lower. However, they should be discouraged from "upsetting apple carts" abroad — from "making the running" on price increases.

(b) In some cases, where Canadian exports dominated certain foreign markets (newsprint in U.S.A., nickel), Canadians could not help "making the running"; and in these cases price increases would have to be justified in relation to increasing costs in Canada.

(c) In general, Canada's chief responsibility to NATO partners and other free countries must be conceived in terms of supplies — meeting demonstrable and harmful shortages — rather than in terms of attempting to police price situations all around the world.

A.F.W. P[LUMPTRE]

311.

DEA/11307-40

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-1963

Washington, May 10, 1951

CONFIDENTIAL

Your EX-988 of May 5th re International Materials Conference.

1. It is quite apparent that the Canadian position should be urgently reconsidered, as if we further pursue the line suggested we could become the one country responsible for blocking effective action by the conference. There is no sympathy for our proposals in the light of possible acceptance by the United States of formulae which in the case of sulphur and molybdenum will cut availabilities to them for civilian production to less than 1950 consumption. Other excess producers also favour the generally-accepted method of approach, and our position is therefore untenable, unless we can consider it as a method to meet immediate hardship needs, rather than a principle which we support for application to the work of all committees for a longer period.

2. Your message was discussed early Monday by Matthews, English, Monture and Allen in relation to the copper-lead-zinc sub-committee draft report. It was agreed that postponement of discussion in the main committee would not be possible and therefore the issue would probably have to be faced at Monday's meeting. This was felt desirable because since Allen's return from Ottawa he had

endeavoured without success to convince committee members in line with the suggestions made in your paragraph 9 (b) that the approach of the sub-committee in our opinion would not produce effective results in the time necessary.

3. At the Copper-Lead-Zinc Committee meeting each representative in turn was asked what views his government had concerning the draft report and the approach to allocation being studied. Allen accordingly adopted a bold but logical line in presenting our proposals on the grounds that our method would result in immediate urgent supply problems being dealt with sooner than would be the case on the basis of the formula under consideration which in the end might produce a neat and tidy table of figures but a totally unworkable method of allocation. He stressed that it would take weeks to reach agreement on the details of the allocation scheme envisaged and meanwhile urgent needs which should be met would have been given no attention. Allen's argument was strengthened by the fact that the committee had practically agreed that allocation before the end of this year would be impossible in any event. He therefore had reason to hope that our proposal would strike a responsive note in some quarters.

4. There was only a limited amount of sympathy for our thesis. France admitted that a similar and partially successful approach in OEEC had shown that temporary supply problems could be dealt with if there was a will to make the necessary adjustments. The United Kingdom favoured the adoption of our proposal if it could be considered purely a temporary measure pending a formal allocation scheme. The United States representative felt that the basic question was "whether a formal allocation system was necessary;" if so, he felt that Canadian view represented a drastic change in the method of approach from that generally accepted by members of the conference. Moreover, the Canadian proposal was merely a method for dealing with export tonnages by producers without proper consideration of their own consumption levels. Allen took the line that we accepted the findings of the sub-committee on the need for action but that we differed on the method of approach to redistribution being studied. He stressed that a more realistic attitude was not inconsistent with the general objectives of the conference. The Italian and Norwegian representatives also favoured our scheme providing it was a provisional one operative only for 1951. The Australian representative was dead set against our suggestion if it was not more than an interim scheme (in spite of the fact he privately disclosed later, that Canberra had views similar to our own but that they would subscribe to the general approach if they were given a stockpile of copper), and argued for a well documented statistical basis to which a suitable formula — modified in special cases if necessary — would be applied in order to reach allocations which would be "fair and equitable". The end result was that the committee continued discussion of the sub-committee working paper without taking our suggestions seriously.

5. The Manganese-Nickel-Cobalt Sub-Committee which is involved in the same sort of exercise which has not reached the report stage, discussed our proposal on Tuesday. They want us to table a paper for consideration along with the report to the main committee at an early date.

6. The informal Commonwealth Committee met Wednesday at the British Embassy with Lord Knollys as chairman. Allen briefly outlined the proposition which he had presented to the two committees and the reaction on the whole was even less favourable. Knollys felt that the pattern of the conference would be set by the United States in terms of the quantities of materials of which it was an excess producer which it would be prepared to share with other countries; he added that there was a fair chance of the United States accepting large cutbacks in order to make the conference a success. He felt that the problem before the conference involved three main considerations:

(a) The acceptance of a general principle that there should be formal allocation schemes,

(b) the working out of suitable formulae to make the schemes effective with special provision for departure from strict statistical bases in cases where this was necessary,

(c) some method of dealing on an interim basis with urgent problems probably along the lines of our scheme. (He asked pointedly whether this proposal was one which we favoured for the whole period of possible allocation).

7. The lack of producer-country interest is particularly noticeable. India, however, in the Manganese-Nickel-Cobalt Sub-committee is anxious to ensure adequate readjustment of any formula to take care of increased civilian needs of manganese, but no criticism of the approach to a formula based on past consumption has been lodged.

8. Following are specific comments on the work of other committees:

(a) Sulphur: because this committee's work is most advanced your attention is directed to Document 32 Sulphur Report No. 2 of May 2nd† which might well become the pattern for the final copper-lead-zinc and other committee reports. Although it is fully anticipated this report may not meet long term conditions and is subject to amendment, it is likely the United States will agree to cutting its 1951 sulphur consumption to the 93 percent of 1950 consumption recommended. United States acceptance of the principle (which they have not opposed during two months work at the sub-committee level) will establish a principle to which we would be forced to conform in its broad aspects. You will note however, that the tentative allocations of sulphur to certain countries e.g. Brazil, Sweden, Germany, New Zealand and Switzerland have been increased to take account of industrial or economic growth as reflected in the past trend of consumption.

(b) Tungsten-molybdenum — the United States were extremely anxious to have 1951 requirements used as a basis for a formula; the United Kingdom favoured 1950; the result to date has been a compromise which under the most favourable circumstances would give the United States 58 percent of 1951 molybdenum requirements for essential civilian production. In this case there is no stockpiling issue and the defence needs have been given first priority under all formulae considered. As in all other committees the idea of special priority requirements for defence supporting activities has been abandoned because of the difficulty of finding an acceptable definition. Although the subject is temporarily deadlocked at the sub-committee level the United States is faced with the prospect of receiving much

less molybdenum for essential civilian use including defence supporting activities in 1951 than they used in 1950.

(c) Pulp and paper — because of special circumstances we can hardly argue that the newsprint approach is the one that can be used in other cases. It is already generally accepted that no formula of equitable distribution based on past consumption would be workable and that for the most part the committee's best field of operations will be to deal with spot problems.

9. To sum up, the United States members in all committees and at other levels consulted to date favour the adoption of an approach to allocation based on past patterns of consumption which would give priority to defence (and stockpiling needs) and distribute the balance for civilian consumption to claimant countries on an agreed formula with certain adjustments to meet special conditions. Our efforts could be best devoted to establishing a case for special treatment. Secondly, the United States representatives on committees strongly expound the theory of a formal allocation scheme which will distribute supplies as equitably as possible for an agreed period. They feel that any other approach will not satisfy most countries and that the larger producers and consumers would not be relieved of the individual pressures to which they have been subject up to now by anything less than a comprehensive scheme.

10. Monture, who attended both the Monday and Tuesday meetings will be able to report first hand on his return to Ottawa at the end of the week, on the presentation Allen made and the reaction of the committees to it. Ends.

DEA/11303-40

312.

Le secrétaire commercial de l'ambassade aux États-Unis au sous-ministre du Commerce

Commercial Secretary, Embassy in United States, to Deputy Minister of Trade and Commerce

CONFIDENTIAL

Washington, May 15, 1951

Dear Mr. Bull,

RE NEWSPRINT

Your letter of May 9th† concerning newsprint for Jugoslavia and India arrived in the same mail as Department of External Affairs Circular Document No. A.35/51 of May 7th,† and to bring you up to date the following is a report on the activities of the Pulp-Paper Committee of IMC insofar as they may affect the requests being received for newsprint in Ottawa.

At the first meeting of the Committee, a special Emergency Newsprint Supply Committee was set up comprising representatives of Canada, U.S. and Sweden. I happen to be the Chairman. This Committee's first task was to consider what action should be taken to meet the needs of countries who (a) had very small requirements, (b) could not meet a portion of their own requirements from domestic pro-

duction and (c) whose immediate needs from a political point of view were urgent because of their location on the periphery of the Iron Curtain or where they had a newsprint problem in meeting the needs of a free press. It was agreed that the total emergency shipments within the next two or three months should not exceed a total of seven to ten thousand tons to all the countries concerned.

After four meetings the Committee turned in a report, of which a copy is attached.† This report was the best that could done in the limited time and since the last meeting of the Pulp-Paper Committee, telegrams have been sent to the countries concerned in order to obtain data upon which to base a more accurate assessment of emergency needs. Ceylon and Pakistan have been added to the countries concerned and their emergency needs, if any, will have to be taken care of out of the total of ten thousand tons. This figure represents the maximum amount which the U.S. authorities concerned (State Department and NFA) feel that publishers in the U.S. would be willing to forego for this special purpose. Incidentally, there is, I understand, informal agreement on the part of the publishers that such an operation is desirable providing the requirements are screened and the necessary arrangements can be made for shipping, etc. We expect to have the necessary data available within three weeks at the outside when the Subcommittee will rephrase its report to the Main Pulp-Paper Committee for recommendation to the Governments on that Committee. You will note that the requirements of India and Yugoslavia have been taken into account and you could inform them that their needs are under consideration even though it would be inappropriate to refer to any tonnage figures. The report is of such a preliminary nature that we must not prejudge what the attitude of the Main Committee or of the Governments to be consulted may be.

Since the Emergency Supply Committee report on the needs of the "peripheral countries" was considered, the Main Committee has asked the Subcommittee to look into the needs of certain countries in Europe. This has now been done but you can take it for granted that the report to the Main Committee is going to be a negative one for the simple reason that U.S. publishers are not likely to forego any further newsprint from Canada in the immediate future and that a further request at this time may jeopardize the more urgent needs of the countries whose requirements will be met from the ten thousand tons. The countries to be covered by the second report will be the U.K., France, Germany and Italy, but everyone here has agreed that apart from the difficulty mentioned above, any special treatment rendered such countries at this time would result in pressures from other countries whose needs might be just as urgent, which would entail continued emergency treatment of all requests. The only possible way in which the needs of all countries can be dealt with is by a longer term operation through which complete data is made available to the Committee for proper assessment of the requirements of one country in terms of all others. This will be very disappointing to France and the U.K. especially, but there is marked resistance here on the part of the U.S. to any special treatment and with that further point we must concur.

In accordance with our usual practice of distributing documents direct from here to those in Ottawa who may be concerned, a copy of this letter is being sent to those listed below.

Yours faithfully,
S.V. ALLEN
Canadian Representative
Pulp-Paper Committee, (I.M.C.)

313. DEA/9245-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-2124 Washington, May 19, 1951

CONFIDENTIAL. IMPORTANT.

RE PULP-PAPER COMMITTEE (IMC)

Following for Beaupré, repeat to Plumptre, from Allen, Begins: At May 18th meeting consideration was given to special emergency needs of newsprint for France, Germany, Italy and the United Kingdom in the light of emergency newsprint subcommittee's report in which no action was recommended until the statistical picture was completed in about six weeks' time and the position of all countries could be assessed in terms of supply and each others' needs.

2. The French delegate was particularly exercised by the unwillingness of the subcommittee to recommend immediate action on his case for the shipment of between 2,500 and 3,000 tons of newsprint. He pulled out all the stops in appealing to the main committee's sense of duty on political grounds and suggested abandonment of the statistical criteria used as a basis for the subcommittee's negative recommendation. The amount requested is a scaled down requirement which the French claim is needed to take care of election requirements. They intend to borrow the tonnage for immediate use and to replace it by the allocation they hope the IMC Pulp-Paper Committee will grant.

3. It is apparent the French have put considerable faith in the IMC Pulp-Paper Committee to solve this problem and that very strong instructions have been given their delegate in this matter. On a strict statistical basis their stock position may be only slightly worse than that of Germany and Italy, i.e., three or four days' consumption against a week's usage in the case of the other two countries.

4. In committee I personally expressed my sympathy for the position of France (and the other countries) but have consistently adopted the line as spokesman for the subcommittee that it is impossible for the committee to deal with emergency requests until complete statistical data for all countries are available. They may be an overriding political consideration with which, however, the IMC Pulp-Paper

Committee would find it difficult to deal. If the committee is expected to make decisions solely on political grounds unrelated to the statistical facts and practical possibilities it would have to establish priorities for political reasons and would thereby jeopardize the ultimate chance of deserving countries receiving more newsprint than they may now be getting.

5. At yesterday's meeting I stated that if the main committee did not wish to accept the subcommittee's report this was their prerogative but that I would have to vote against any proposal to give the French special consideration as it was our view that we couldn't assess the special needs of one claimant until we had more complete data; also that in the interest of all countries and especially the United States publishers who would have to sacrifice tonnage on a substantial scale, patience was required. Norwegian and Swedish delegates supported my views as did also the other claimants, Germany and Italy. I pointed out that if the main committee were to make a special recommendation covering France the concurrence of our governments would have to be sought before implementation. It was quite apparent that Italy and Germany would be reluctant to abandon their claims for special treatment. The United Kingdom representative (who is now the permanent chairman of the main committee) officially withdrew the United Kingdom request for favourable emergency treatment and urged that special consideration be given to France. Ticoulat of NPA (United States representative and vice chairman) adopted a strictly correct attitude in committee under extremely heavy pressure to see that something is done for France and is privately very sympathetic. State Department's representative on the subcommittee however, has consistently opposed a special operation of this character but I am unable to establish today if this is still the State Department's attitude. Ticoulat however feels that our fear of further pressure on the committee for emergency treatment may be exaggerated and that if our opposition were withdrawn the other dissenters would fall into line.

6. During the week I was in close touch with Fowler regarding this matter but during the meeting I telephoned him to report on the French attitude and to establish whether or not we should change our viewpoint in the main committee. Subsequent to my conversation with Fowler I learned that the French delegate had telephoned his Embassy here suggesting they contact their Embassy in Ottawa in order that the matter could be raised with External Affairs. The above report may be helpful in any discussions with the French who may tend to disregard the facts that

(a) He [Allen] was also speaking as chairman of the subcommittee,

(b) Others at the table opposed special emergency treatment.

7. A further meeting of the main pulp-paper committee has been set for the afternoon of May 22 to reach final conclusions on the French request before adjournment until July and it would therefore be useful if I had new instructions as to the attitude I should adopt. I shall report by telephone Monday morning on the State Department's current thinking.

8. Please ensure this message is relayed to Fowler. The text of the subcommittee conclusions is contained in my immediately following message.† Ends.

314. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 21, 1951

. . .

NEWSPRINT; EMERGENCY ALLOCATION TO FRANCE

11. *The Minister of Trade and Commerce* reported that the French government were pressing for a special emergency allocation of newsprint. The matter was now before the Pulp and Paper Committee of the International Materials Conference in Washington.

An emergency Newsprint Sub-committee had been established to consider various claims and had recommended that 10,000 tons of newsprint be set aside to look after the immediate requirements of eight countries bordering the Iron Curtain but not including France.

In addition to the French request, the Sub-committee had examined others from Germany, Italy and the United Kingdom which, together with France, would mean diversion of some 30,000 tons. The difficulty of assessing the various claims for newsprint on a political basis was becoming increasingly clear. Total claims might well run into several hundred thousand tons of newsprint which, if taken away from North American supply, would necessitate domestic rationing. It was believed that up to 100,000 tons could be taken away from North American supply without involving detailed rationing on this continent and the Canadian objective had been to find some solution that would avoid the political difficulties of rationing.

The issue was further confused by current wide price differentials. The prices of Scandinavian, United Kingdom and Canadian pulp delivered at London were respectively £72, £60 and £45 a ton. If Canadian production was to be allocated under I.M.C. auspices, it was thought that Canadian newsprint should be sold at the prices prevalent in the receiving country in order to prevent windfall profits by receiving governments or dealers. It was recommended that the Canadian representative be instructed to make a statement along these lines when the matter of the French request was further discussed in the Newsprint Sub-committee of the International Materials Conference.

(Department of Trade and Commerce memorandum, undated.)†

12. *The Secretary of State for External Affairs* felt it would be politically desirable if two or three thousand tons could be allocated to France as an emergency measure.

13. *The Prime Minister* was of opinion that the general policy outlined by Mr. Howe was sound and that the working out of the actual details relating to the emergency request from France might be left to his discretion.

14. *The Cabinet*, after discussion, approved the general policy as outlined by the Minister of Trade and Commerce with respect to the position to be taken by the Canadian representative on allocation of newsprint at the International Materials

Conference; it being understood that the working out of the details relating to France's request for an emergency allocation be left to the Minister's discretion.

...

315. DEA/9245-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-2177 Washington, May 23, 1951

CONFIDENTIAL. MOST IMMEDIATE.

PULP-PAPER COMMITTEE (IMC)

Following for Beaupré from Allen, copy to Plumptre, Begins: At yesterday's meeting of the main committee I clarified our position in regard to the emergency newsprint requirements of France and copies of my statement† are being mailed to you, Fowler and Plumptre.

2. Since Monday afternoon our greatest concern has been to ensure that the United States would not be embarrassed by our support of any favourable recommendation which the committee may make. Prior to the meeting there was not time for them to reverse the position within the State Department where they were still against the proposal to do anything more in the matter of emergency needs prior to completion of the first statistical exercise. As a result they proposed postponement of final discussion of this matter until Thursday afternoon.

3. The United States reaction to our price policy is distinctly unfavourable. They fear that in the discussions with publishers which they consider necessary in order to be able to support proposals which in the long run may mean less newsprint for the United States, the publishers will adopt the attitude that Canada should be willing to sell newsprint which they regard as a "sacrifice" at the prices which they, the publishers, would have paid if the newsprint had come to the United States. The United States feel that the publishers here would give us a lot of adverse publicity which apparently the government departments here are not prepared to counter. If, therefore, the immediate operation concerning 2500-3000 tons of newsprint can be considered as being Canadian tonnage only, i.e. no appreciable effect on United States publishers, there would be no objection to the allocation to France at Thursday's meeting. In that event, the United States would not consider it necessary to discuss the matter with the United States publishers insofar as this operation is concerned and I wonder if it would not be possible for us to "pull the newsprint out of the corners" and make it a straight question of Canadian supply of 2500 tons if the United States will supply 500 from their own mills. The committee would concur I am sure.

4. Although the Scandinavian countries are not too sympathetic I think they will play along as they are assuming that we are prepared to assist France mainly for political reasons. From their point of view of course, our pricing policy is entirely satisfactory. At the moment the United States proposes to request a secret ballot Thursday on the allocation to France (and possibly to Germany and Italy as well) which in my opinion should be avoided if at all possible. State Department are also considering requesting France to withdraw its request on the grounds (if they can be substantiated) that recent arrangements with Scandinavia for more newsprint will solve the immediate problem. Ends.

316. DEA/9245-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-2198 Washington, May 23, 1951

CONFIDENTIAL

NEWSPRINT FOR FRANCE

Following for Heeney from Wrong, Begins: As you requested in your telephone conversation with Matthews this morning, I have discussed the question of an emergency allocation with the State Department. I saw the Deputy Under-Secretary, Freeman Matthews; he had with him a technical officer familiar with the proceedings in the I.M.C., and Allen accompanied me.

2. Matthews agreed that it was politically important for France to receive a sufficient supply of newsprint during the election campaign. There are, however, strong objections, which I think will prove insuperable, to the United States supporting an emergency allocation if the newsprint is to be sold to France at a higher price than the contract price to the United States publishers, from whose supplies it would be mainly diverted. Matthews based his resistance to the proposal partly on the ground that the higher price would in fact be paid in part by the United States taxpayer because of the receipt by France of assistance from E.C.A., and argued that therefore it would be quite impossible to secure the concurrence of the United States publishers.

3. We explained the reasons which have led the Canadian Government to decide in general that payment for materials diverted through international allocation from normal markets should be made at the domestic price in the recipient countries and in particular that in this case French publishers should not get North American newsprint at a lower price than that paid to French mills which are their normal sources of supply. It was stated that the United States had adopted a different policy in the case of both cotton and sulphur and was charging only the normal prices when supplies are diverted to countries with a higher domestic price level.

4. The French this morning offered to withdraw their request for an emergency allocation provided that they are promised that when the Pulp and Paper Committee has completed its statistical studies they will receive an allocation of not less than 2500 tons. Apparently they can borrow newsprint from the Swiss on the basis of such an assurance. This is, however, unlikely to be acceptable and it would be a dangerous precedent for the committee to give such a promise.

5. I told Matthews that Mr. Howe would be arriving here this evening and that we would talk over the matter with him, and we had to leave it at that. The French have not been applying political pressure at senior levels in the State Department. The French Ambassador has had one telephone conversation on the subject with Thorp, but has not taken the issue up with the senior political officers. Canada seems to have been singled out for special attention. Ends.

317.

DEA/9245-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le chef de la Direction économique

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

[Ottawa], May 24, 1951

RE NEWSPRINT FOR FRANCE

You will have seen message No. WA-2198 of May 23rd. I spoke to the Minister about it this morning and he told me that if the United States were taking the attitude described, Canada should take no further steps; if the French fail to get their newsprint it would [be] the responsibility of the United States. Mr. Pearson found the U.S. attitude on price very odd.

Subsequently I 'phoned Wrong and found that Mr. Howe in fact had already instructed Allen that as a *single exception* and solely because of the French political situation we should agree to sell 2,500 tons at the *North American price*. It was too late to have the matter reconsidered as Allen had already gone to the U.S. authorities to urge them to support an emergency allocation for France, on this basis.

A.D.P. H[EENEY]

318. DEA/9245-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-2227 Washington, May 25, 1951

CONFIDENTIAL. IMMEDIATE.

PULP-PAPER COMMITTEE (IMC)

Following for Mackenzie from Allen, Begins: This is to confirm that the Committee unanimously agreed yesterday to recommend to member governments the allocation to France of 3000 short tons of newsprint of which 2500 is to come from Canadian mills and 500 from United States mills. I shall report in further detail on this meeting after arrival in Ottawa. Ends.

319. DEA/11307-40

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-1182 Ottawa, May 31, 1951

CONFIDENTIAL

Repeat London by bag; O.E.E.C. Paris by bag.

IMC EXPORT ALLOCATIONS — PRICES

1. Plumptre talked to Beaupré about this yesterday and Beaupré will be talking to Allen while in Ottawa.

2. Plumptre said he believed that this Department still thought that the pricing policy earlier agreed upon (i.e. to sell export allocations at prices prevailing in recipient markets) was the most economical and sensible one. If allocated products were available cheap the demands for allocations would inevitably be inflated and the strains on the IMC machinery greatly increased. However, this Department certainly could not "make the running" in Ottawa in favour of charging high prices on allocations to foreign countries. Further, and more serious, it looked as if, once again, Canada would be in a position of isolation vis-à-vis all other members of IMC; if the weight of the United States were thrown in favour of the recipient countries it is doubtful if any others would follow our lead.

3. Beaupré said he thought that, having once supplied a country like France with newsprint at North American prices, our battle was really lost at any rate in the field of newsprint. He pointed out that if India and poorer countries were the recipi-

ents of the next allocations it would be very difficult to explain why we should be charging such countries as India more than France. There was some possibility of applying our principle in other fields where considerations were different. Plumptre said it was a pity that the matter could not be brought to a head in regard to some of those other commodities. The attitude of the United States publishers, in insisting that newsprint diverted from them should not be sold at higher prices, was entirely unreasonable and the United States officials were, as usual, weak-kneed vis-à-vis their own publishers. There was more substance, however, to the point that U.S. supplies to overseas countries in many cases would be financed by ECA and therefore should be disposed of at North American prices. Incidentally, if our allocations of newsprint have to be bought by the Government and re-sold to other countries (as seems likely), there might well be difficulties here in charging high prices to those countries.

320. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 30, 1951

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NEWSPRINT; REQUEST FOR INCREASE IN PRICE

3. *The Minister of Defence Production* reported that the Abitibi Power and Paper Company Limited, one of the larger newsprint producers, had recently indicated that it wished to raise the price of newsprint by $10 a ton. When newsprint was declared an essential material under the Defence Production Act the industry was told that no increases in prices should be made until the matter had been discussed with his department. Furthermore, by an informal agreement with the United States, information about pending price increases of newsprint should be communicated to the Director of the Office of Price Stabilization.

It was noted that the demand for newsprint was now far in excess of supply, both in North America and throughout the world. Furthermore, the pulp content of a ton of newsprint could be sold in the United States for more than the newsprint itself, without taking into account finishing and packaging costs. The present price of newsprint was insufficient to attract capital into the industry. This was clearly demonstrated by the fact that of the ten new pulp and paper mills constructed or rebuilt in Canada since the last war none produced newsprint. Furthermore, because of the anomalous price situation in respect of pulp and newsprint, there was a possibility that more pulp might be diverted from newsprint production into more profitable channels.

This problem had been referred to the Interdepartmental Committee on External Trade Policy for consideration, and the Committee had recommended that the government should not at this stage exercise its power to interfere with the proposed increase in Canadian pulp prices.

(Minutes of Interdepartmental Committee on External Trade Policy meeting, May 23, 1951.)†

4. *The Minister of Finance* said that, last month, Canada had had a $93 million deficit on its merchandise account with the United States. In view of this very unfavourable trade balance, it would seem inadvisable to prevent, by governmental action, any reasonable increase in the price of pulp, which was one of Canada's biggest producers of U.S. dollars.

5. *The Secretary of State for External Affairs* thought that the provisions of the Combines Investigation Act might be applicable in the event all Canadian producers increased their newsprint prices by the same amount and at the same time.

6. *The Minister of Justice* pointed out that, under the terms of the Combines Investigation Act, it had to be established that prior agreement as to price fixing had been reached by the various manufacturers concerned before any prosecution could be instituted. In the present instance, in order to avoid any suspicion that there was infringement of the combines legislation, it was suggested that it might be preferable for the government, under its emergency powers, to approve directly of a general increase in newsprint prices.

7. *The Prime Minister* suggested that it might be possible to issue an order to the effect that pulp, normally destined to the newsprint industry, should not be diverted to other channels, and, in order that the pulp and newsprint industries be not unduly penalized, that the government would have no objection to a reasonable adjustment in the price of newsprint.

An alternative method might be to indicate that newsprint had been declared an essential commodity under the Defence Production Act in order that, if necessary, production could be allocated under an international allocation system and not for any internal purpose such as price control and that, in the circumstances, the government could only take note of the proposed price increase without either approving or disapproving it. If this latter course of action were followed, and in order to avoid any suspicion that the provisions of the Combines Investigation Act were being violated, it was further suggested that the Abitibi Power and Paper Company alone be notified of the government's decision not to interfere and that simultaneously the Director of the Washington Office of the Department of Defence Production leave with the U.S. Office of Price Stabilization an *aide-mémoire* setting out the Canadian position in the matter.

A draft *aide-mémoire*† respecting Canadian newsprint prices was submitted and read.

8. *The Cabinet*, after considerable further discussion, agreed that:

(a) the Abitibi Power and Paper Company Limited be informed that its notification respecting a proposed increase in the price of newsprint had been received and that the Department of Defence Production did not propose to interfere in any way in the matter; and,

(b) simultaneously, an *aide-mémoire* respecting the proposed increase, as revised during the discussion, be given the U.S. Price Stabilization Office by the Director of the Washington Office of the Department of Defence Production.

321. DEA/11303-40

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-2333 Washington, May 31, 1951

SECRET. IMPORTANT.

Repeat London and OEEC, Paris.
Reference: Your EX-1168† and subsequent EX-1173† and EX-1175.†

PROJECTED NEWSPRINT PRICE INCREASE

Following for M.W. Mackenzie from S.D. Pierce, Begins: George Browne and I called on office of price stabilization this morning and told Zimmerman Director in temporary out-of-town absence of Disalle and Phelps, that Abitibi proposed to increase prices. Also present were Walter Damtoft, Assistant Director, Forest Products Division, and Rufus Worrell, Chief of Divisions Pulp Paper and Paperboard Branch.

2. We made the department's position clear and left Zimmerman the aide-mémoire, text as furnished in your EX-1173. We made it clear that the Canadian Government had gone this far and no further. When Zimmerman asked us what was the basis of the proposed increase we said we could give him only industry's views, as industry's views, on the general cost and price position. We followed the line that Fowler did in his letter,† and referred Zimmerman to details of industry's side of the case given in "newsprint data — 1950", Fowler's pamphlet, copies of which were given to OPS last November and which has been distributed to newsprint users here.

3. Zimmerman said he didn't know much about the problem since he only took over last week. He could say that the increase would be very troublesome for OPS since newsprint was a crisis commodity for OPS. It had the most explosive political implications involving press support for Disalle and his office.

4. Zimmerman did ask what would happen if OPS imposed a ceiling price on newsprint imports. We didn't know what to say to this one, but the division representatives relieved the situation by saying that the flow of newsprint between Canada and the United States meant too much to both countries and could not be impeded.

5. We gathered the impression they feel some price increase cannot be avoided. They told us they felt they would have to increase the prices they are allowing domestic producers under the provisions in ceiling price regulation 22. They didn't think they would have to allow domestic producers as much as $10.00, but they don't yet know how much because no domestic manufacturer has yet filed his appeal for price relief, complete with the complicated calculations required for claims of cost increase. Zimmerman and Damtoft wondered whether American

mills were not a little fearful that grounds for rollbacks might be uncovered. I don't think this is a serious point as it is inconsistent with their statement that they expected to have to increase domestic prices.

6. My impression is that their real concern is that the Canadian price increase will be greater than the price increase they can justify for domestic producers. Here Worrell asked whether since Abitibi were going to ask for $10.00 more would they be satisfied with $5.00. Countered with the suggestion that some mills might feel they have a case to make for $15.00, Worrell came up with probably the significant suggestion of the interview. Assuming it were possible to allow an increase to domestic producers, he asked would it be possible to persuade Canadian industry to hold its general price increase to the same figure. He mentioned, perhaps only for the sake of example, the figure of seven-fifty ($7.50) pointing out difficult position for both OPS and Canadian mills if American mills generally agreed to such a figure and Canadian mills could not meet it, subject to appropriate adjustment. We replied that what price Canadian industry accepted in this transaction was in industry's hands since the Canadian Government had decided not to invoke its emergency powers in this commercial decision. It is our guess that OPS will explore this line.

7. They appreciated our giving them notice as agreed, but they were somewhat wary over the shortness of notice. We told them that Abitibi could probably not wait beyond Friday, but I know it would sit better if Abitibi could hold out a few days longer.

8. Although it made our task easier, I was disappointed that we could not see Disallé. I am sure we would have had a far different reaction from him since he was so recently quoted in the press as dismissing as an unfounded rumour the possibility of a $9.00 increase.

9. I am afraid the best we can say about the meeting is that we discharged our obligation to advise them when we heard of any coming price increase. Ends.

322. DEA/11303-40

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-2339 Washington, June 1, 1951

CONFIDENTIAL. IMPORTANT.

PULP-PAPER COMMITTEE (IMC)

Following for Beaupré repeat to Plumptre from Allen, Begins: Since returning I have learned from the State Department adviser to the United States representative on this committee that they have asked their embassy in Ottawa to confirm our newsprint pricing policy for shipments diverted from United States publishers to

other countries under IMC recommendations. A total tonnage figure of 120,000 may have been mentioned.

2. It is obvious that the State Department views as conveyed in the Ambassador's telegram WA-2198 of May 23rd are unchanged and that they would welcome early assurance that the policy to be followed in the case of France would also govern newsprint prices for shipments to other countries. Specifically a sub-committee meeting is scheduled for June 4th to consider the division of 10,000 tons for the periphery countries and the United States is anxious to have this point clarified in advance of the meeting to ensure that the question of price does not need discussion by the sub or main committee.

3. As we would greatly appreciate knowing what information has been or is being given to the United States Embassy in Ottawa, your early comments would be appreciated.

323.

DEA/11307-F-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-1204

Ottawa, June 2, 1951

CONFIDENTIAL

Repeat London No. 940; O.E.E.C. Paris No. 42.

1. Since despatch of our teletype EX-988 of May 5th and receipt of your WA-1963 of May. 10th, further interdepartmental consideration has been given to the questions raised by the Copper, Lead, Zinc Committee of the IMC concerning copper and zinc. We have also had discussions with Allen and Carson. The following is our appraisal of the situation.

2. We now understand from Allen that it was not the Committee's intention to recommend to governments the results of the initial application of the simple formula calling for the priority allocation of direct defence requirements with the remainder being "equitably" distributed in accordance with "apparent" past consumption figures; but that these figures were merely to be the starting point from which a number of refinements could be developed.

3. We were glad to get this information because officials here believe there is very little likelihood that the Canadian Government, (or probably any other net exporting government), would look favourably upon the crude application of any simple formula designed to effect equitable international distribution of a commodity of which it is a net exporter, if it meant further restriction of its domestic consumption of that commodity, unless there was a satisfactory definition of the term "equitable" accompanied by an assurance that conservation and restriction measures were being rigorously carried out by the claimant countries, to ensure that strategic materials are used essentially for defence and defence supporting projects.

4. It is our belief that the committee should, first, scrutinize critically the statistical data submitted by each country; secondly, develop and define the various factors involved in the formula e.g., defence requirements, consumption, etc.; thirdly, seek out some way of establishing priorities for defence supporting industries including increased production of essential materials before residual allocations for civilian use are computed. We are now preparing a paper which will indicate our "defence-supporting" position.

5. We believe that the Committee must give full consideration to movement of semi-fabs, and cannot isolate international trade in virgin metals.

6. If all these factors are properly considered, (and we believe that they must be), we realize that the development of an acceptable formula will be a time consuming exercise and even in the end such a formula could only serve as an internationally acceptable point of reference from which a number of countries will inevitably seek adjustments in order to satisfy "special considerations".

7. Our ad hoc approach aimed at giving relatively early short-term assistance to particularly critical needs. In making this suggestion we did not wish to imply that we would not continue to co-operate in a search for a more formalized approach to effective distribution and, as we have emphasized, we do not want to appear obstructive. On the other hand, if increased production, conservation, more effective utilization, ad hoc adjustments and changing world conditions resulted in a situation in which an urgent need for international allocations could no longer be demonstrated, we would naturally want to avoid them.

324. DEA/11303-40

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-2382 Washington, June 5, 1951

IMMEDIATE

INCREASE IN PRICE OF CANADIAN NEWSPRINT

Following for M.W. Mackenzie, copies to W.F. Bull, Trade and Commerce, A.F.W. Plumptre, External Affairs, from J.H. English, Begins: Although it was probably carried in the Canadian press, it seems desirable to draw to your attention a United Press despatch which appeared on page 51 of today's *New York Times*. This quotes DiSalle, Director of the Office of Price Stabilization, as saying that he intends to write a personal letter to Fowler requesting Canada to cancel the announced increase of $10 in Canadian newsprint.

Today Zimmerman of DiSalle's office has confirmed that DiSalle has already written Fowler pointing out that he does not consider that Canada exactly played cricket in this particular instance, especially from the time point of view. He

referred to the understanding between DiSalle and Fowler regarding price increases and rollbacks and to the agreement that due notice of any change would be given on either side. He was therefore more than surprised at the extremely short notice which was given, commenting that he was informed by us about noon one day and read in the papers the next morning the announcement of the price increase. He thought that this aspect of the whole problem was far more important than the actual increase itself. Ends.

325. DEA/11307-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre de production pour la Défense

Under-Secretary of State for External Affairs to Deputy Minister of Defence Production

CONFIDENTIAL Ottawa, June 9, 1951

Dear Max [Mackenzie]:

SCARCE MATERIALS — POLITICAL CONSIDERATIONS IN THE DIVERSION OF CANADIAN SUPPLIES

An incident arose in the trade talks with the French Delegation last week which has some general implications.[18] One of your men was present at the meeting with the French on Wednesday afternoon when scarce materials were under consideration and, as a result of his suggestion, one or two of their officials visited your Metals Control the next morning. The following afternoon they came back to the general meeting and reported no progress whatever: no zinc, no cadmium, no selenium and, worst of all, no increased supply of copper despite the fact that France has in the past bought substantial quantities of copper from Canada and current supplies are much reduced.

2. Our metals people had explained that our controls were in a very embryonic state, their present purpose was simply to ensure that the Canadian defence production programme got its minimum essential supplies, and that the French officials should be appealing, not to Canadian Government officials, but to the private producers of these scarce metals. The French officials understood the situation but naturally they were not greatly cheered, particularly because the French interests concerned had already been trying hard to get more Canadian copper. Later in the meetings, when the Canadian side went on to discuss the possibilities of getting additional supplies of steel from France, the French officials explained that they were quite willing to grant the necessary export permits, but that our difficulties in obtaining French steel arose from the tight situation in which French producers found themselves and that, as government officials, they could scarcely exercise much pressure on the French steel interests unless they felt that the Canadian authorities were taking a similarly solicitous attitude regarding French requests for

[18] Voir le document 891./See Document 891.

copper and other scarce metals from Canada. The tone of the meeting was, I understand, perfectly sweet and reasonable but there is no doubt that the French felt a bit disappointed in the reception they have received on this particular point. I believe that Mr. Bull intends to explore the matter further with your Department.

3. It is not my business, nor the business of this Department, to worry over whether it is worthwhile to give the French a bit of extra help in the field of base metals in the hope of getting a bit of extra help from the French authorities in the field of steel. However, I did feel after the meeting that we in this Department may have been a bit at fault in not giving you a bit more guidance than we have in the past in relation to international political factors which may from time to time arise in connection with the diversion of Canada's exports of scarce materials, whether those diversions take the form of formal allocations or informal assistance.

4. The general pattern of Canada's exports is well established. Fortunately commercial, political, and military considerations usually all point in the same direction. This means, broadly speaking, that the United States and the United Kingdom have first call on Canadian supplies and other traditional markets have the second call. It is only the rather marginal cases, and rather occasional cases, that political interests become important. The recent instance of a tiny allocation of newsprint to France was a perfect example.

5. Naturally, since there are few occasions in which political considerations conflict with the other normal criteria, it is difficult to lay down any universal rules regarding them. Particular political interests will emerge from time to time in relation to particular countries and particular Canadian products. However, I have been wondering whether we cannot at this stage give you some general ideas for the preliminary guidance of yourself and other officials in this field.

6. Setting aside the specially preferred position of the United States and the United Kingdom, I think that the next preference goes to those NATO allies which are themselves doing, or preparing to do, a really serious job of increased defence production. We cannot lump all NATO countries together. Iceland, for example, has no military forces and no defence production. Nevertheless membership in and support of NATO is a cardinal element in Canadian foreign policy and it is particularly important, I think, that the governments and officials of NATO countries should always have the feeling that Canada is their partner and is sincerely trying to help them wherever we can.

7. Amongst the Continental NATO countries France has a special place. This is so for several reasons. First, there are the historic connections between our two countries — connections of language and race. Second, we sympathize with and support the efforts of France to assume leadership in Continental Europe and to consolidate Europe, including Western Germany, against the menace from the East. Third, there is a greater threat of Communism inside France and Italy than in any other European country outside the Iron Curtain. Fourth, and of special interest at this time, there are many straws in the wind suggesting that France is taking a special interest in Canada and we are most anxious to reciprocate this interest; it is, we believe, reflected in recent appointments to the French mission in Ottawa, in the recent visits of the French President and Prime Minister, and, at a quite different

level, in the strength of the team which the French sent to last week's trade talks — a strength which is certainly not justified merely by the volume of trade between the two countries.

8. At the present time, when the supply situation all over the world is dominated by defence considerations, we must naturally give first preference to our allies, particularly those which are actively rearming. Nevertheless we cannot neglect our broader political interests, and particularly our interests in maintaining the strength of Commonwealth countries. In this sphere the most important new development bearing on scarce supplies is the Colombo Plan. This Plan implies for Canada the maintenance of close and sympathetic relations with India and Pakistan. It is through these relationships that Canada can play its most important part in holding the Eastern and Western halves of the free world together. Here again it is of great importance that the governments and officials of India and Pakistan should get the feeling that we Canadians are doing our best to help them. This feeling is perhaps even more important than the amount of scarce materials we may be able to send them; however, we cannot expect to maintain the feeling if we do not send any materials! And I know that we are going to run into difficulties in this field. Through discussions relating to the Colombo Plan I am already beginning to learn how touchy and difficult (to our way of thinking) these people are. It is clear that we are all going to have to exercise a great deal of restraint and patience. Nevertheless the political objectives are most important for us.

9. I am sending you this letter in the hope that it may be useful to you. I am also sending a copy to Mr. Bull, who may also be interested. I would greatly appreciate any comments you would like to make.

Yours sincerely,
A.D.P. HEENEY

326.

DEA/11303-40

L'adjoint spécial du sous-ministre de production pour la Défense au secrétaire commercial à l'ambassade aux États-Unis

Special Assistant to Deputy Minister of Defence Production to Commercial Secretary, Embassy in United States

[Ottawa], June 11, 1951

Dear Stan [Allen]:

This is to confirm and possibly enlarge upon our telephone conversation of June 2nd, arising from your W.A. 2339 of June 1st on the Pulp and Paper Committee of I.M.C.

When Webb, of the State Department, was in Ottawa last week the U.S. Ambassador and Bliss, their Minister of Embassy, had a dinner party for him and among the guests were the Deputy Minister, Mr. Heeney and Mr. Abbott. Mr. Mackenzie took this opportunity to start a discussion on the Canadian ideas of pricing policies.

Mr. Mackenzie went over all of the stock Canadian arguments and was ably supported by Mr. Abbott and Mr. Heeney, however, I do not know how many converts, if any, were made.

The following morning however, Willoughby who is, as you know, the Counsellor at U.S. Embassy, came under instruction to see Mr. Howe and to state that it was United States Government's hope that we would be able to agree with them on a pricing policy which, of course, means that they would wish us to make our commodities available to other markets at the same approximate price as we are selling them in the United States. I understand that the main comment that he got from Mr. Howe was a statement that it would go a long way to ease the position if there could be some assurance that our selling commodities in various markets at a price well below the prevailing price would not result in windfall profits for middlemen or others.

Following his meeting with the Minister, Willoughby had a long discussion with me and I did no more than review the various aspects of the argument. However, one thing was apparent to me in my discussion with Willoughby and that was his apparent confusion regarding his major argument. At one stage he seemed to claim that the U.S. position was based particularly on the fact that U.S. publishers would be horrified at the thought of Canadian producers holding back newsprint supplies and selling them at a higher price, however, as soon as I began to pursue this line of argument he immediately switched to his other argument which was, that the United States Congress would object to seeing their Foreign Aid Funds used for the purchase of these high-priced commodities. We then got in to a discussion of the psychological effects of the different pricing policies and Willoughby developed the very logical argument that if we were to sell this newsprint in Europe or Asia for approximately $300 a ton the various countries so effected would probably say that the rich North Americans were taking advantage of countries who are down and out and appealing for assistance. I am sure that if we did sell newsprint at higher prices, this argument would be used against us but I am equally certain that in the absence of any other criteria, if we do not have at least the sanction of prices, it is going to be most difficult to resist heavy demands for newsprint when your I.M.C. Committee settles down to do the broader allocation job.

I would suspect that when we add up all the requests that will be made upon the I.M.C. Committee, they will total something like three hundred or four hundred thousand tons. On the other hand, our American friends have indicated to us that they would not be prepared to go after their publishers for more than something in the neighborhood of one hundred and twenty-five thousand tons. Indeed, we ourselves are anxious to keep the demand on North American supplies to the minimum. It is, as you know, our thinking that we could cut back approximately two per cent without getting into any major difficulty in this country but a reduction of more than this amount might well necessitate domestic rationing of newsprint and that is a headache which obviously none of us wish to have. I would think, therefore, that it is extremely important that we do everything possible to limit the demands which will be made on North American supplies and quite honestly, I can think of no other sanction than that of price.

Willoughby was anxious to know what our continuing attitude would be on this pricing question in the I.M.C. Pulp and Paper Committee. I told him that we were anxious to continue to explore this question with the American Authorities but that because of the precedent established for the emergency allocation to France we would not raise the price issue for the other emergency allocations i.e., the ten thousand tons to the eight periphery countries. I did say, however, that we would hope that before the overall allocations were discussed in Committee that we could come to some sort of agreement with the Americans but, that if we did not, we would of course, not use this issue to upset the whole I.M.C. As you know, Bob Fowler was exploring this situation with some of his opposite numbers in the United States, and I think that the best you can do is to continue your examination of the problem in Washington and be guided accordingly.

I might mention that Willoughby told me that he would report the gist of his conversations with the Minister and with myself to Washington and suggest to them that the proper channels for continuing this discussion would be through the I.M.C. Representatives in Washington. Consequently you may expect to hear from Ticolat on this subject. I will, of course, keep you informed of any new developments here and I presume you will keep in touch with Bob Fowler.

Yours sincerely,

T.N. BEAUPRÉ

327. DEA/11303-40

Le ministre du Commerce
au directeur de mobilisation économique des États-Unis

Minister of Trade and Commerce
to Director of Economic Mobilization of United States

[Ottawa], June 12, 1951

Dear Mr. [C.E.] Wilson:

I appreciate your telephone call of this morning, and as I promised, I am enclosing a copy of a letter which has been sent to Mr. DiSalle in reply to his letter to Mr. Fowler of June 4th.†

This letter does not deal with the matter of cost increases to the newsprint mills, because, as we are not operating in Canada any overall system of price control, I do not want to convey the impression that we have given specific approval to the exact amount of the price increase. I can tell you, however, that from my own study of the situation I am satisfied that the mills have been exposed to very definite cost increases which have occurred since December of last year. The last price advance was made in November 1950, and came after 2 1/4 years without any change in the newsprint price. It was an increase of $6.00, and I do not believe that it did more than cover the actual cost increases up to that time.

Apart from actual increases which the mills have experienced in the last five or six months in the materials they have to buy, their costs are very largely affected by the progressive reduction in the length of the work week from the prevailing 48-hour week in Canada to the 40-hour week which have been in force for many years in pulp and paper mills in the United States, where the same international labour unions operate.

I have been particularly impressed with the importance of maintaining and increasing production, and it seems to me that with the present prices established under your ceilings for pulps there would, in the absence of a price increase in newsprint, be a distinct possibility of a reduction, and certainly little possibility of any increase in production.

While the Canadian government did not base its decision on the precise calculation of increased costs, I am satisfied that it was a wise decision for us not to use our emergency powers to interfere with this commercial decision. I hope that our course of action in this matter will commend itself to you.

Yours sincerely,
C.D. HOWE

[PIÈCE JOINTE/ENCLOSURE]

Le directeur de la Direction des pâtes et papier du ministère de production pour la Défense au directeur de l'Office de la stabilisation des prix des États-Unis

Director, Pulp and Paper Division, Department of Defence Production, to Director, Office of Price Stabilization of United States

Montreal, June 12, 1951

Dear Mr. DiSalle:

Your letter of June 4th was delayed somewhat in reaching me as it was not received in Ottawa until June 8th and had to be forwarded to me here. I sent you a telegram on Friday last to tell you of this delay and promised to send an early reply to your letter.

I regret if there has been any misunderstanding between your office and this Department, and regret even more that you seem to feel that we did not fully comply with the arrangements we had made for advising you of developments in the newsprint price situation. When matters came to a head in the closing days of May, I had before me a newspaper report of your letter to Senator Johnson of Colorado which set forth your understanding of the arrangement between us. This statement used practically the same words as appear in the second paragraph of your letter of June 4th. This paragraph contains an accurate report of my telephone conversation early in May with Mr. Diskin of your office and reads in part as follows:

"You further stated that when and if you should receive such notification (of an individual Canadian mill's desire and intention to increase its newsprint price)

you would examine the situation to determine whether it was an individual case or an industry problem, that if the proposed increase seemed justified the matter would be taken up with the Canadian government and that we would be advised before any increases were put into effect."

The present newsprint price increase announced by Abitibi goes into effect on July 1st, 1951. The notice to your office was given by the Department's representative in Washington on May 31st, and thus you had, not twenty-four hours' notice, but a full month's notice for study of the situation "before any increases were put into effect".

I hope you will believe me when I say that this is not a technical play with words. We felt here that you would want to know, as early as possible, what was in the wind and what the Canadian government's decision was on this question. I have been repeatedly told by U.S. publishers that in the case of past price advances they objected particularly to the shortness of time between the date of the announcement and the effective date of the price increase, which gave them no opportunity to adjust their economies to the price change. This time greater advance notice of the price rise was given, and I felt that the essential step was to have the situation clear and publicly known as soon as possible after your office had been notified, rather than to have a protracted period of speculation and rumour.

The steps outlined in the sentence from your letter, quoted above, were taken exactly as I told Mr. Diskin they would be taken. I had asked in April each Canadian newsprint manufacturer not to change his prices without first discussing the proposed change and the reasons therefor with the Department. At the time of our conversation I knew that there had been recent substantial increases in manufacturing costs and I told your office there was considerable grumbling about present prices. Shortly afterwards I received from the Abitibi Power & Paper Co. Ltd., which is one of the larger Canadian manufacturers, a request for discussion of a price increase which seemed to that company to be necessary. We met and I was given information as to the factors affecting the maintenance and expansion of newsprint production. Then to see if the problem was peculiar to the applicant or general throughout the industry, I inquired from a number of other manufacturers asking for their individual views and intentions. These companies produce over 50 percent of the newsprint made in Canada and are representative of the whole industry. It was quite clear that the problem was not peculiar to the applicant company but was a general problem affecting the whole Canadian industry.

The information thus obtained was submitted to the Minister of Defence Production. It was studied by his advisers and their recommendation was placed before the Canadian Cabinet. The Canadian government, which it should be pointed out is not operating any overall system of price controls, decided that it would not use its emergency powers to interfere with the commercial decision being taken by the Abitibi Power & Paper Co. Ltd. This decision was taken on Wednesday, the 30th of May, and was immediately transmitted to your office by this Department's representative in Washington during the morning of May 31st. I was authorized to communicate this decision to the Abitibi Company and to give similar advice to any other newsprint manufacturer who proposes an increase in the price of newsprint

not out of line with the amount of the increase proposed by Abitibi; and I have done so.

Perhaps it may assist you and the members of your various committees if I list some of the facts that I reported to the Canadian government before it reached its decision.

(1) The pulp content of a ton of newsprint could be sold in the U.S. for more than the newsprint itself, without any provision for finishing or packaging costs.

(2) Newsprint depends on the same raw material — pulpwood — as other pulp and paper products. Since the termination of World War II price controls, newsprint prices in the U.S. had advanced 26.2%. By comparison, since the end of controls in the U.S. book paper prices have advanced 54.3%; kraft wrapping papers 63.1%; paperboard 91.2% and tissue papers 93.4%. If the price of newsprint had risen since decontrol as much as the U.S. government pulp and paper index, the newsprint price would now be $143 per ton. If it had risen as much as the weighted average increase shown by the four named major grades the price would now be $145 per ton.

(3) Newsprint has not apparently been attractive to new risk capital. Since the last war there have been ten pulp and paper mills constructed or rebuilt in Canada and not one of them is producing newsprint. Together these mills consume annually about 1,250,000 cords of pulpwood, which would be sufficient to produce over a million tons of newsprint. Had even a third of this new capacity gone into newsprint, it would have been sufficient to have met all apparent shortages in North America and to have relieved most of the serious situations of newsprint shortage throughout the world.

(4) Despite the fact that newsprint supply for the U.S. in 1951 will reach a new record of nearly six million tons, there is still demand in excess of supply. This 1951 total compares with 3,480,000 tons in 1945 which was the last full year of government rationing. This is an increase in supply of over 2 1/2 million tons or 72% in a period of six years. Most of this increase came from Canada, whose exports to the U.S. rose from 2,666,000 in 1945 to an estimated 4,775,000 tons in 1951 — an increase of over 79%.

(5) I expressed my own view in my report to the Minister of Defence Production in these words: "The most serious problem in newsprint today is production — maintenance of present levels and increased production wherever possible."

I have written at some length because I am anxious that you should know the facts in this case as placed before the Canadian government, when it made its decision not to initiate positive price control action under its stand-by emergency legislation, by interfacing with the commercial decision made by the Abitibi Company. I agree completely with you as to the importance of the trade in newsprint to both countries; you need our newsprint and Canada needs and wants your market.

I hope that, after study and reflection, you will agree that the Canadian government's decision was a wise one.

Yours sincerely,

R.M. FOWLER

328. DEA/11303-40

Le secrétaire commercial de l'ambassade aux États-Unis à l'adjoint spécial du sous-ministre de production pour la Défense

Commercial Secretary, Embassy in United States, to Special Assistant to Deputy Minister of Defence Production

Washington, June 15, 1951

Dear [T.N.] Beaup[ré],

RE NEWSPRINT

Thank you for your very complete letter of June 11th concerning the newsprint pricing problem in the IMC context.

I note that you feel that the proper channel for continuing this discussion is through the IMC representatives here and I will do what I can to assist in furthering our aims. I might mention, however, that as a result of conversations I have had with advisers to Mr. Ticoulat, I find that there is a distinct feeling in the State Department that the pricing policy concerns a much wider field than newsprint, consequently there may be new pressures for us to get together with them on the whole question of the pricing policy to govern third country transactions. I have carefully avoided assuming the whole burden of such a problem and in fact have endeavoured up to now to confine the matter entirely to newsprint.

Although you have covered most of the U.S. arguments rather fully, I have summarized them along with a number of additional points which have occurred to the U.S. in the past week or ten days. The complete argument now seems to be along the following lines:

1. The success of the IMC Pulp-Paper Committee's operation would be endangered if Canada insists on charging world market prices for newsprint supplied from the 120,000 tons relinquished by U.S. and Canadian publishers who have contracted for the newsprint at North American prices.

2. U.S. publishers have agreed to cooperate without thought of profit and acceptance of the loss of revenue which relinquishment of the newsprint entailed. It would be impossible for the U.S. Government to justify that Canadian producers should make a large additional profit on this operation to assist the free press in friendly countries of the world.

3. Since the United States is assisting financially many countries of the world which are in the most critical situation vis-à-vis newsprint, Canadian sales of newsprint relinquished by American publishers at world prices would mean that the U.S. taxpayer would be paying world market prices for newsprint which had been relinquished at the North American price. This would be impossible to explain to Congress or the U.S. public and might result in unfavorable publicity which both Governments would be anxious to avoid.

4. Since the Canadian Government has agreed to make available newsprint to France and the countries on the periphery of the Soviet Bloc at the North American price under the IMC allocation, it would be very difficult to justify a different treatment to others receiving part of the tonnage relinquished by U.S. publishers at a higher price.

5. The Soviet Union has supplied newsprint to Syria, Egypt and India at prices considerably lower than the Scandinavian price, thus obtaining a measure of goodwill from the press of those countries.

6. Canadian insistence on a higher price to the press of overseas countries would lessen the psychological value which would result if the newsprint relinquished by the U.S. publishers were sold to the press of the free world at the same price for which U.S. and Canadian domestic publishers obtain it.

7. The U.S. Government is allocating certain scarce domestic materials such as sulphur and cotton to foreign purchasers at the U.S. domestic price. Any newsprint which would be made available from U.S. producers in implementing the Pulp and Paper Committee's recommendations would also be made available at domestic prices. Since inflation is one of the greatest dangers for the free world, the U.S. believes that this policy is an important contribution for the defense of the free world.

Our two arguments seem to fall under two headings:

(a) Fear of black market operations

(b) Fear that the lower price will generate a flood of requests for emergency assistance.

The U.S. counter argument with regard to (a) is as follows:

The Pulp-Paper Committee has already adopted as policy a request that recipients give assurance that none of the newsprint supplied through the Committee's recommendation would leave the importing country. In addition, Canada and the United States, in implementing the recommendations of the Pulp-Paper Committee, could insist on an additional guarantee and could also insist that the recipient country take measures to see that the newsprint supplied is sold to newspapers at the price at which it is furnished in order to avoid any windfall profits to middlemen. Also, the U.S. and Canada can urge that the newspaper publishers in recipient countries establish a joint organization to police the operation in order to see that the distribution is made equitably.

With regard to the pricing problem, the argument would be roughly as follows: The United States has been allocating certain scarce materials to various free countries of the world at prices considerably below the world market price. This operation has at times resulted in artificially high requests, but as long as the allocations are made on an equitable basis the United States foresees no difficulties in administering the program. Furthermore, most publishers abroad are aware that the operation of the Pulp-Paper Committee is made possible through relinquishment of supplies by U.S. and Canadian publishers and that the supply is limited. As long as the Pulp-Paper Committee makes its recommended allocations in an equitable manner, the U.S. does not believe that sales of the newsprint relinquished by North

American publishers at the North American market price will engender ill-will. As you know, the Committee is screening requests for newsprint supply assistance to meet bonafide emergency situations and is not making allocations on the basis of supplying newsprint at lower prices when a supply is available from an applicant country's normal source of supply. It is assumed that should supplies increase to the point where the demand can be taken care of, no further operations will be undertaken.

We have endeavoured to deal with the possibility of middlemen making undue profits out of newsprint allocation in the third Subcommittee report which I hope to send you by the same mail. In my teletype† on the same subject today I suggested that we might point out to the Indian Government that some form of satisfactory distribution arrangements should be made as any windfall profits to middlemen would endanger their future possibilities of getting newsprint from North America. Another method, of course, is to give as wide publicity as possible to the operation including mention of the price. I realize that there is a possibility that we would not like to take such a line with the Indian Government by ourselves, but I am quite certain the U.S. will do so in the case of the Philippines, for example. In any event, such action would be supplementary to what the IMC might do.

As to the second argument, I think this has a great deal of merit. The difference, of course, is that the U.S. has a system of price control and Canada has not, especially with regard to commodities exported.

Although I doubt if this letter contains much that is new, it may be a useful summary of the arguments, pro and con. My own feeling is that we are going to have great difficulty in maintaining a position on the price for the large newsprint operation, as the U.S. strongly feel that without agreement that the North American price should apply we should not get into the allocation at all.

Yours sincerely,
S.V. ALLEN

329.

DEA/11307-40

L'adjoint spécial du sous-ministre de production pour la Défense au sous-secrétaire d'État aux Affaires extérieures

Special Assistant to Deputy Minister of Defence Production to Under-Secretary of State for External Affairs

CONFIDENTIAL

Ottawa, June 21, 1951

Dear Mr. Heeney,

Before leaving on holidays Mr. Mackenzie asked me if I would acknowledge your letter of June 9th in which you outlined some of the political considerations involved in the diversion of Canadian supplies.

I think that in general officials in the Department are aware of the special needs of our NATO and other allies. Indeed a large number of specialists who have been drawn from industry to serve in this Department are spending a considerable por-

tion of their time at the International Materials Conference discussions in Washington and as you know the main purpose of these meetings is not inconsistent with the objectives which you outline.

You will remember that from the outset we were opposed to the idea of a large number of countries being called into conference in order to attempt to work out international allocations. Nevertheless since the International Materials Conference has become a functioning group I think that we need not be ashamed of the contribution which we are making.

In the Pulp and Paper Committee we pressed for an emergency newsprint subcommittee and accepted its chairmanship. As you will remember we prevailed against the United States in order to get an emergency allocation of newsprint for France. In a statement which Mr. Howe made in the House of Commons on June 14th, he said in part:

"I think that no one will quarrel with the desirability of North America assuring that our allies have at least minimum amounts of newsprint available in order to combat the claims of communism."

Then referring to the probable further diversions that would be recommended by I.M.C. he said:

"It is obvious that North American consumers who are by far the heaviest consumers must expect some cut-back in order to provide this tonnage."

In the Non-Ferrous Metals field, when we saw that the various countries were bogging down in discussions our representatives tried to establish a small "ways and means committee" the objective of which would have been to provide ad hoc assistance to individual countries, whose requirements were particularly urgent. Also in this field, we have accepted the chairmanship of the Utilization and Conservation Committee.

I would hesitate to suggest that this Department, or indeed the Canadian Government should, on its own, attempt to formally appraise the relative merits of the large number of requests that are being put before us daily by representatives of friendly countries, all of them claiming that the lack of strategic materials is having an adverse effect on their defence supporting programmes. On the other hand we are, in an informal fashion, bringing to Canadian industry's attention the desirability of diverting as much of their supplies as possible to our allies. As an example of this I would like to quote a paragraph of a letter addressed to the Consolidated Mining and Smelting Company of Canada, by the Director of our Non-Ferrous Metals Division, and I might say that when he wrote this letter he had no knowledge of your letter under reference.

"Your reference to the Canadian Government barring Consolidated from entering the Japanese market at competitive prices hardly seems appropriate. Already 400 tons has been approved for export there, which is not necessarily the limit that will be approved. The view here is that in this present period of metal stringency, exports should be continuously under review to obtain a reasonable balance between continuing trade considerations and the supply of scarce raw materials to friendly countries involved in mutual Defence programs."

I could quote other examples of how we have through informal representations to Canadian industry influenced the direction of our exports. Our efforts on behalf of the British are well known and have proven reasonably fruitful. Just recently we arranged for a shipment of nickel to Luxembourg. This country is not only in the NATO group but is an important supplier of steel to Canada.

In your letter you make particular reference to the disappointment of certain French officials, as a result of their visit to the Non-Ferrous Metals Division.

As you may know, this particular meeting was called at the request of the French. They met with four representatives of the Non-Ferrous Metals Division including Dr. Monture, who has probably had more experience with international metal discussions than anyone else in Ottawa. Mr. Manion, our commercial secretary in Paris, who has been closely associated with these problems for over two years, was also present.

I am advised that the meeting was quite lengthy, that our representatives reviewed the overall position of each of the metals in which the French showed an interest; we explained that, with the exception of countries in the Russian orbit, there was nothing discriminatory about our export permit policy. We assured the French of our sympathy and expressed a willingness to use our good offices but explained that for the present actual arrangements for shipments have to be resolved with due regard to established contractual commitments of private companies.

The French had made a special case of copper at one of the regular meetings of the Franco-Canadian Trade Committee, noting that this year's receipts were likely to be a good deal less than their purchases of last year. This is actually the case but the reason is that Noranda, one of their suppliers has had to supply extra copper to their new brass mill and is also making heavier deliveries to Canadian Wire and Cable Company, both of which units produce items important in our defence supporting industries.

Anything surplus to our own screened requirements will of course be exported and it appears desirable that we permit the development of finishing capacity in Canada so that an ever increasing quantity of our natural resources is processed in this country rather than have everything exported in the primary form.

At the conclusion of the meeting in the Non-Ferrous Metals Division the French representatives expressed themselves as being grateful for the information, but it is our impression that we were not successful, nor apparently were our representatives at the Franco-Canadian Trade talks, in making the French understand that this Government is not yet determining quotas of exports for certain designated markets.

In your letter you remarked that although we did not give the French any material assistance in securing non-ferrous metals, we went on to discuss the possibilities of getting additional steel from France.

I don't believe that there was anything inappropriate in our approach. We do not exercise discriminatory control over our exports but the French Government does. If French importers can place orders in Canada for a share of our exportable supplies of non-ferrous metals we would not interfere with the exports, but if a Canadian importer wishes to secure surplus steel from France he could only do so if he

were able to get a portion of a Canadian allocation established by the French Government.

In conclusion, I do not believe that at the present time we should assume formal direction over our exports, other than to ensure that they do not get into the hands of the Russian dominated countries or to implement I.M.C. recommendations that are acceptable to the government.

On the other hand we will continue to advise our producer-exporters concerning the governments' interests in the field of strategic materials and in this connection will keep in mind the information contained in your letter.[19]

Yours faithfully,

T.N. BEAUPRÉ

330. DEA/11307-40

Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, June 21, 1951

Dear Arnold [Heeney]:

With reference to your letter of June 9, with which you enclosed a copy of a letter addressed to Max Mackenzie on the question of allocating scarce materials, I did not have a chance to discuss this with Max prior to his departure on a week's fishing trip. I understand he briefed Beaupré before he left and I have discussed the question with Beaup. I have also talked this matter over with Harvey and Mitchell Sharp.

Insofar as this Department is concerned, we are anxious to maintain some control over the direction of our scarce commodities, such as newsprint, pulp, copper, lead, zinc, nickel, aluminum and asbestos. We were not in favour of I.M.C. when this agency was originally established, but we are changing our minds and, depending on performance, we believe that I.M.C. can do a very valuable service in screening requests for scarce materials. It is obvious that Canada cannot take care of the demands from all our friends for the above materials. Somebody must go short and we would hesitate to accept the responsibility of judging the essentiality of the claims. If we were engaged in all out war this would be a comparatively straightforward procedure, but, under present conditions, where most of our materials are still being used for normal civilian purposes or for stockpiling, it becomes very difficult to choose between a fractional horsepower motor manufacturer in Italy and a fractional horsepower motor manufacturer in any other country. At the

[19] Note marginale :/Marginal note:
Mr. Plumptre this reply seems to me to justify our writing, any comments? Moran and Ritchie should see this exchange A.D.P.H[eeney]. June 22

moment we are using the I.M.C. as a defense and we refer most of our inquirers to this agency. On the other hand, we would like to have enough autonomy over the distribution and export of our strategic materials to enable us to take care of fair and reasonable requests from our friends. Up to date, we have been able to do this by persuasion rather than by directives, and I believe this is the best policy for the present period.

We have had considerable success along these lines. For example, Sir John Henry Woods was, I believe, able to negotiate for some 2,500 tons of copper for shipment to the United Kingdom, through the efforts of George Bateman. In the same way, we recently have arranged for some nickel for Luxembourg and we are hopeful that we will be able to take care of the residual requirements of copper for New Zealand after Mr. Bowden has explored the possibility of obtaining supplies from the United States and the United Kingdom.

We were disappointed that we were unable to take care of the French copper requirements. I still think something can be done for the French, as our own demands may taper off as a result of the slowing down of Canadian business and the effect of the Canadian Order Approval system. I propose to follow this matter up with Mr. Bateman on his next visit to Ottawa. I also propose to have a talk with Max on his return to duty next week.

Yours sincerely,
WM. FREDERICK BULL

331.

DEA/11307-40

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-1320

Ottawa, June 25, 1951

SECRET

Following for Mr. S.D. Pierce, Director, Department of Defence Production, 2001 Connecticut Avenue, Washington, D.C. from T.N. Beaupré, Special Assistant to the Deputy Minister, Department of Defence Production. Begins: The following is a brief outline of the discussions which were held yesterday (June 22nd) with the Americans:

On the Canadian side were Mr. Howe, Bull, Sharp, Mackenzie and myself, with Hewett and Fowler sitting in on the afternoon session. The U.S. side included Eric Johnston, Kenneth Clark, his assistant, Griffith Johnson, his Economic Adviser and Bliss the U.S. Minister of the Embassy.

Eric Johnston opened the discussions, which were immediately classed as being informal and frank, by outlining the U.S. stabilization programme. In doing so he referred to three main fields: commodity prices, wages and imported raw materials. Griffith Johnson reviewed the same fields in somewhat greater detail and appeared

reasonably hopeful that the credit controls and tax bill which they were asking Congress to authorize would in addition to the direct controls make a significant contribution to stabilized economy.

Eric Johnston however admitted quite frankly that he did not believe that the present Congress was prepared to do the necessary and for this reason, and also because of the growing size of the defence programme, he felt that there was bound to be considerable inflationary pressure this year, 1951-1952. Sharp, noting that all American planning appeared to be based on a firm conviction of the severe inflationary pressures, asked the Americans for the basis of their conviction. He suggested that much of the current inflationary atmosphere might be attributed to the alarmists' reports that were being released by the U.S. administration. They referred to some factors which were no doubt pertinent but seemed to admit reasonably freely that they had to keep shouting wolf if there was to be any hope of Congress stiffening its back.

They then spoke of their concern of rising Canadian prices. Mr. Howe pointed out that in the price field Canada only dominated nickel and newsprint and he suggested that there was little likelihood of any further increases in either of these commodities during the coming year. When Johnston referred to increases in the other non-ferrous metals Mr. Howe pointed out that Canadians took their prices from the U.S. Metal Exchange and suggested that Johnston might consider closing the Exchange.

As the discussion proceeded however it became apparent that Johnston's visit was primarily to discuss pricing in the Non-Ferrous Metals field. He pointed out that because Chile found it possible to secure better prices for a significant portion of its exports they had forced the Americans into a 27½¢ price as opposed to the previous 24¢ price. He also noted that Canada immediately increased its price to 27½¢, although he argued that there was no necessity for Canadian producers seeking higher prices. He admitted however that this was now history but that already he had reports that the British were paying 29¢ and 30¢ for Chilean copper and he felt confident that in a very few months Chile would be back at the U.S. for a higher price. He felt that if they were forced to pay a higher price and the Canadian price allowed to meet it, and England again offered 01¢ or 02¢ more in order to get supplies, that there would be no termination to the price spiral. He admitted that the I.M.C. was working in this field but did not appear optimistic that they would achieve any significant success and asked whether or not we would be prepared to sit down with the Americans and British in order to seek some solution to supply and price problems, particularly in the Non-Ferrous Metals field. We suggested that the solution to this problem rested in the hands of the two main purchasers, i.e., the United Kingdom and the United States, but that if they wished us to join them in discussions we would be prepared to do so. Johnston noted that he had not yet approached the British on the subject but would do so and advise us further. Johnston seemed well satisfied with this answer and made it apparent that as this was the main purpose of his visit his trip had been successful.

There was of course some reference to the price of newsprint but Johnston did not appear anxious to make an issue of this subject.

We referred to our anxiety concerning the price of beef and Johnston pointed out that although they were anxious to get as much of our beef as possible he did not wish to duly embarrass us and indicated that the American side would be prepared to explore the situation further. We did not think however that any action was necessary at the present time.

Griffith Johnson explained that as a result of the coming into effect of the manufacturers pricing order there would be a great many changes in prices of individual items, some going up some going down. If strange things seemed to be happening to prices of U.S. goods imported into Canada we were not to be alarmed.

Johnston asked whether or not we felt that the present machinery for keeping each other informed was satisfactory and it was agreed that there was no necessity for anything further although Johnston suggested that our people in Washington who were particularly interested in this subject should avail themselves of the opportunity of dropping in on Griffith Johnson any time they wished.

Mr. Howe also told Eric Johnston that he would like you to call in on him and Eric Johnston assured Mr. Howe that he would be glad to meet you.

Please repeat to John H. English. Ends.

332.

DEA/11307-F-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

[Ottawa], July 3, 1951

INTERNATIONAL MATERIALS CONFERENCE — COPPER

Our troubles in connection with the International Materials Conference are continuing and at present seem to be more active in the Copper Committee. I attended a meeting on this subject on Friday morning. Others present included Beaupré, Harvey, Wolfson (for Deutsch), Hooton, and Stan Allen himself from Washington.

2. Our representatives in Washington have been resisting a cut-and-dried formula which gives the various countries concerned whatever copper they may need for defence and part of what they need for stockpiling and then divides the remainder up on the basis of consumption in 1950. Our people say, not without reason, that the Canadian economy is developing very rapidly, that large quantities of copper are going into the development of Canadian resources that are defence-supporting in the best sense (iron ore, titanium, oil, hydro electricity, etc), and that this sort of thing ought to be taken into account by IMC either in the formula used or as an adjustment to the formula. The United States position is unfortunately confused. It never seems quite sure whether the U.S. will accept a strict formula (which their lower level officials usually want) or whether at the last moment they would insist

on all sorts of escape clauses with themselves. This at any rate is the position in copper.

3. The logic of our position is, I think, strong. Unfortunately it emerged in Friday's meeting that the Department of Defence Production have not done, indeed have not attempted to do, their statistical homework. They talk in broad terms about our need for copper for development and defence-supporting purposes but have no notion how much copper is in fact going into these uses or likely to go there. Thus they seem to me to be in an extremely weak bargaining position.

4. Current discussion in the Copper Committee focuses on the first allocation period, i.e. the fourth quarter of 1951. Canada has put in a "requirement" of 31,000 tons. Our people are willing to reduce this "requirement" to 28,000 tons not because they feel ready to reduce actual consumption to the extent of the difference but because there are inventories which could be used up without cutting into actual consumption. On the other hand the Committee is offering us 24,275 tons and even this is above what we are actually entitled to on the basis of the formula which is probably going to be used; it would only give us about 23,000 tons. I get the impression that on the basis of the "offer" of the Committee we are being treated more generously than the United States or the United Kingdom.

5. The gap to be bridged is of course the difference between the 28,000 tons that our people feel willing to accept and the 24,275 tons that the Committee has offered. Beaupré will be raising this question with Mr. Howe who might possibly (although not probably) take it up in Cabinet.

6. I have told Beaupré that, until his Department has done their homework and produced actual figures for the use of copper in defence-supporting industries in Canada, I can see no basis of judgment as to whether our "requirements" of 31,000 tons or 28,000 tons are defensible.[20] In the meanwhile I do not see how we can defend any figure higher than that which the Committee has offered us. (Allen thinks we might be able to get something between this and 28,000 tons by haggling and bargaining). Meanwhile Beaupré (who, I am sure, fully agrees with my point of view), is putting his research division to work on the problem in conjunction with his Metals Division.

A.F.W. P[LUMPTRE]

[20] Note marginale :/Marginal note:
I agree E. Reid July 5/51

333. DEA/11303-40

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 12, 1951

ALLOCATIONS OF NEWSPRINT — INTERNATIONAL MATERIALS CONFERENCE (WASHINGTON)

This is to confirm the decision which you reached when I discussed this matter with you recently and also to warn you of a possible implication.

2. You will recall that two opposing principles have been put forward in the Washington Committee. Some countries, led by the United Kingdom and France, wish to see the Committee bring about a substantial re-distribution of newsprint amongst major countries — to correct a world-wide "maldistribution" of supplies. The representatives of the United States and Canada have, however, argued that such a general re-distribution is impracticable both because there is no accepted or acceptable basis for bringing it about and also because it would involve a degree of government interference in newsprint sales on the North American continent which would not be acceptable either to producers or consumers.

3. The immediate issue arises over whether there should be a second emergency allocation, amounting to some 18,000 tons, or whether something much more ambitious should be attempted, involving more than ten times this amount. (You will remember that the first allocation, which took place early in July, involved 10,000 tons). I understand that you feel that allocations should be kept on an emergency basis, rather than a general redistribution basis, and our representative in Washington on the Pulp and Paper Committee has been so informed. The same view is, of course, held by Mr. M.W. Mackenzie and Mr. R.M. Fowler.

4. The implication about which I wanted to warn you is as follows. It involves France.

5. Almost all of the first allocation of 10,000 tons and the greater part of the proposed second allocation of 18,000 tons would be destined to go to countries that were relatively weak commercially and where, for some reason or another, newsprint supplies were threatening to fall substantially below the level of the recent past, producing a real emergency. Most of these countries happen to be around the edge of the iron curtain — running from the Philippines to Yugoslavia. Germany has been included because of the specially disturbed conditions there; the proposed allocation to Germany is 5,000 tons.

6. You will recall that shortly before the French elections last June the French authorities made very strong representations to get an emergency allocation and in the end obtained 3,000 tons before any allocation had been given to any other country. Under the proposed second allocation the French would get some 2,000 additional tons (5,000 tons in all). Even this involves a serious stretch of the "emer-

gency" principle on which the Committee is working. According to Mr. Fowler the French stocks of newsprint are indeed very low at present (this is the only justification of a further allocation) but they will stay low as long as the French authorities do not take reasonable steps to maintain reasonable stocks and distribution.

7. The French representative at the Washington Committee is insisting on a substantially larger allocation — something like 8,500 tons. Our representatives on the Committee feel that this is quite unreasonable in relationship to all the other allocations. They anticipate that the French authorities are likely to try to exert the same pressure that they did last June outside the Committee in order to get their allocation increased. It seems to me quite possible that the matter may be raised informally during the coming week when French Ministers and high French officials are in Ottawa for the coming North Atlantic Council meeting.

8. Our representatives in Washington hope very much that we will back up the stand they have taken which they already consider to be specially favourable to France. If the French were always able to get additional allocations by bringing pressure to bear in Ottawa, Washington, and other quarters, the work of the allocation Committee would be undermined.

E. R[EID]
for A.D.P. H[eeney]

P.S. I attach an extra copy of this memorandum in case you wish to send it to the Prime Minister.[21]

334. DEA/11307-40

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

[Ottawa], October 9, 1951

INTERNATIONAL MATERIALS CONFERENCE

I have recently had a chance to review the position and prospects of IMC with Sydney Pierce, George Bateman and Tom Beaupré and, before my probable departure for overseas, I want to make this general report to you.

2. You will remember that the proposal for an International Materials Conference came up when Mr. Attlee was visiting Mr. Truman last December. At that time our officials chiefly concerned (in the Department of Trade and Commerce) very much doubted whether a large organization including many countries could produce useful results under present circumstances. They were strongly in favour of far less formal arrangements and hoped that, as far as the chief Canadian exports were con-

[21] Copie envoyée au premier ministre, le 14 septembre 1951./Copy sent to Prime Minister on September 14, 1951.

cerned, informal agreement could be reached between U.S., U.K. and Canada. It should be added, in defence of the position that we were taking at that time, that the United Kingdom representatives claimed they were faced with disaster unless they got additional supplies of certain scarce materials within a few weeks, or at most a few months, and it seemed to us quite impossible that elaborate international arrangements could meet their needs.

3. I am sure it would still be the view of our officials chiefly concerned (now in the Department of Defence Production) that emergency requirements would have to be met on an ad hoc bi-lateral or tri-lateral basis. Never-the-less the IMC is achieving a degree of success beyond our expectations. An international allocation of copper has been agreed upon for the fourth quarter of 1951. Two emergency allocations of newsprint have been agreed upon (in addition to the special allocation to France last June) and, while the work of the Conference has bogged down in some fields (e.g. wool), it seems to be making reasonable, if slow, progress in others.

4. As a result of these modest successes and others that may come along, the Canadian attitude towards the Conference will no doubt undergo a gradual change. The Conference will assume increased importance. It may be expected to exercise an increasing influence over some of our most important exports (base metals and pulp and paper) and over a few of our important imports. This is a matter of significance to Canada both economically and politically.

5. Therefore, I had been planning to take an increasing interest in IMC and possibly, on occasion, to take some initiative. The only initiative this Department has ever taken has been on one or two occasions in relation to newsprint. During the past few months the Division has suffered from a shortage of staff and we have been able to do little but act as a Post Office, scarcely glancing at the voluminous material on the subject. Very recently, however, I was able to appoint a junior officer (Reynolds) to give a good deal of his time to the subject in the hope that he would be able to brief me and keep me abreast of important developments.

6. I am afraid these plans will have to be set aside for the time being, if I go overseas. Griffin will be too occupied with a host of other things during my absence and, unfortunately, this is one of the fields where I have special personal advantages. Not only did I work on allocation matters during the last war but, in the course of that work, had a lot to do with most of the officials in the Department of Defence Production who happen to be specially concerned to-day: Mackenzie, Pierce, English, Allen, Fowler, Hewett, Monture and Sissons. If our Department is going to exercise any influence in the field it will, I believe, have to be largely on a personal basis. Having myself served with a temporary specialist organization (WPTB), I know how ready such an organization is to resist and resent intrusions by the diplomats!

7. I have from time to time urged Allen to come up to Ottawa fairly frequently. His visits can easily become occasions on which there is a general interdepartmental discussion of IMC issues and problems. I know that Allen himself welcomes these opportunities, feeling that most of his instructions come from highly special-

ized sources such as Fowler in the field of pulp and paper and Hewett in the field of metals, and that broader views may not always be taken into account.

8. Allen is planning another of his visits in a few weeks time, during my absence. I have told him that I will, of course, expect him to come to this Department to see Griffin and Reynolds. I have also taken the liberty of suggesting that he might get in touch with you to see if you would like to have a talk with him. I think it might be useful if you could manage to do so.

9. It is possible you might wish to show this memorandum to the Minister.[22]

A.F.W. P[LUMPTRE]

335. DEA/11307-40

Note de la Direction économique

Memorandum by Economic Division

[Ottawa], November 2, 1951

INTERNATIONAL MATERIALS CONFERENCE

On October 23rd M.W. Mackenzie called a meeting to discuss general IMC matters with Stan Allen, who is visiting Ottawa this week. Beaupré, Harvey, Weeks, Deutsch and a number of others including technical people were present as well as Griffin and Reynolds. Mackenzie stressed the fact that although we did not want IMC, we now had it and should strive to make it work.

2. The main subjects discussed were:

(1) The problem of incentive production — Will it be possible to retain part of any production of commodities entered into on an uneconomic basis in the light of critical shortages or will IMC allocations be reduced in amount according to the production retained from this subsidized production? If the latter is the case, the country concerned would be merely exchanging a cheap product for an expensive one. It was agreed that this penalty should not be imposed and that some formula for partial retention of the lower cost allocation should be worked out.

(2) The possibility of putting the Central Group on a more realistic basis as a general sounding board. No decision was reached but it was generally agreed, as a preliminary step, that discussion with the British, French and Americans might take place in Washington on an Ambassadorial or Ministerial level. It was felt that such discussion was vital since the work in the Committees was being done largely by technical experts.

(3) It was agreed that Canada should accept chairmanship of one of the Committees, preferably either copper or nickel. Allen favoured the Copper Committee.

[22] Note marginale :/Marginal note:
Mr. Plumptre Thanks — I am glad to have this report & will be happy to see Allen when he comes up I have sent a copy of this to the Minister We should try to keep in touch A.D.P.H[eeney]. Oct 10

Hewett, however, favoured nickel, stressing that since we are the great producer it is in our interest to get unanimity, and if the Canadian member were chairman he would be in a position to strive for agreement. In the Copper Committee, where we will need to stress our own interest, Hewett felt that for the Canadian member to be chairman would be rather awkward. The whole question is to be discussed with Mr. Howe. Allen pointed out that while we are almost sure of being offered the copper chairmanship, he did not know whether the nickel chairmanship would be offered to us.[23]

(4) The question of Canada contributing personnel to the Secretariat. It was decided that we should make every effort to do so.[24]

R.E. REYNOLDS

336. DEA/11307-40

Note de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

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

[Ottawa], November 14, 1951

INTERNATIONAL MATERIALS CONFERENCE

One of the questions raised in IMC has been Canada's acceptance of the chairmanship of one of the Commodity Committees. Recently M.W. Mackenzie called an interdepartmental meeting to discuss general IMC matters with Allen. Beaupré, Harvey, Weeks, Deutsch and a number of technical people were present as well as myself and Reynolds. The meeting recommended that Canada should accept the chairmanship of one of the less controversial of the committees, preferably nickel, it being favoured since, as chairman, our delegate would be able to strive for the unanimity vital to Canada's interest as the dominant producer.

Mr. Howe has agreed to this recommendation and Allen has been instructed to accept the chairmanship of the Nickel Committee if it is formally offered to him.

A.G.S. G[RIFFIN]

[23] Note marginale :/Marginal note:
Nickel chairmanship offered and accepted. See Allen's teletype No 4003 of Nov 15† on nickel file. R.E.R[eynolds]

[24] Note marginale :/Marginal note:
Noted. A.F.W.P[lumptre] Dec. 10/51

337. DEA/11303-40

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 26, 1951

CANADIAN PLAN FOR NEWSPRINT ALLOCATION IN IMC

Discussion in the Pulp and Paper Committee of IMC has of late tended to centre on whether the Committee should restrict itself in 1952 to emergency allocations, or whether it should undertake to recommend an equitable redistribution of the world's supply of newsprint. A number of countries, including the United Kingdom and France, intimated that their continuing membership in the Committee depended upon an increase in the scope of allocations made by the Committee. The United States, on the other hand, would never accept redistribution of the world's supply. A compromise solution appeared necessary if the divergent views of the members of the Committee were to be reconciled.

2. The Canadian member of the Committee recently formulated a plan which should go a long way towards providing a solution. He proposed that during the next allocation period, covering the first six months of 1952, allocations should take two forms:

(a) strictly emergency as in the past and,

(b) allocations of less than emergency character to a limited number of countries to which, in the opinion of the Committee, it is internationally desirable that allocations should go.

Category (b) allocations would be fulfilled on a contractual basis with prices in line with newsprint prices in the country making the purchase. Category (a) allocations would be much less in tonnage than category (b) allocations which for the six month period will total 50,000 tons (compared with a total allocation of 28,800 tons in 1951).

3. A country seeking an allocation of newsprint would apply to the Committee. If the application were accepted the Committee would decide whether it should be dealt with under category (a) or category (b). Allocations approved by the Committee would be passed on to the Pulp and Paper Division of Defence Production which would ensure that the Canadian mills take on commercial contracts consistent with the category (b) recommendations. The incentive of firm contracts and good prices should ensure the cooperation of the mills. However, mills which refused to conclude contracts would be directed by Defence Production to provide category (a) tonnages. The implementation of (a) tonnages would be made possible by these Government directives and also through purchases by the Canadian Government on behalf of the country of allocation.

4. All members of the Committee have now approved the scheme in principle, and the plan in final form will shortly be submitted to each member government for approval. United States approval seems assured since the plan, without attempting to redistribute the newsprint supply of the world, would reduce criticism of the United States based on its disproportionate use of newsprint. The plan should hold out sufficient inducement to ensure United Kingdom and French support. Norway and Sweden were invited to participate in the scheme as producers but as yet have not responded to the offer.

A.D.P. H[EENEY]

SECTION B

ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE
GENERAL AGREEMENT ON TARIFFS AND TRADE

SUBDIVISION I/SUB-SECTION I

TORQUAY, 28 SEPTEMBRE 1950-21 AVRIL 1951
TORQUAY, SEPTEMBER 28, 1950-APRIL 21, 1951

338.

PCO/Vol. 194

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

ICETP-82

[Ottawa], April 27, 1951

SECRET

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. Graham Towers, Governor of the Bank of Canada,
Mr. W.F. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board.
Mr. R.G. Robertson, Privy Council Office, (Secretary).

Also present:

The Deputy Minister of Citizenship and Immigration, (Col. Fortier),
Mr. J.J. Deutsch, Department of Finance,
Mr. A.F.W. Plumptre, Department of External Affairs,
Mr. G.B. Urquhart, Department of National Revenue,
Mr. C.M. Isbister, Department of Trade and Commerce.

...

III. TORQUAY: DISCUSSIONS; REPORT

9. *The Chairman of the Tariff Board* said the discussions at Torquay had differed substantially from those at Geneva and Annecy in three respects: the Geneva Schedules had been due to expire in January 1951 and their extension had to be discussed; there were a number of countries wishing to accede, of which the most important was Western Germany, and the total number of countries involved was considerably greater.

So far as the Geneva Schedules were concerned, the position before January was that it was permissible for any country to withdraw a concession if it had found it too onerous. It had been agreed in advance that Canada would not withdraw any but it was found that a very large number of items were being withdrawn by many countries, including the United Kingdom and France. Several items were of substantial importance to Canada although in the end the only item of any real concern was the South African concession of silk stockings. In general it proved possible to renegotiate the schedules and adequate compensation had been secured for the items withdrawn. In some instances, the compensation had been better than the original concession.

Of the 38 countries that accepted invitations to Torquay, two did not turn up and two took no part in tariff negotiations. With another 14 it was felt that no substantial basis for negotiation by Canada existed. As a result, Canada carried on negotiations with 20 countries. An earnest effort was made to get an agreement with the Benelux countries, which negotiated as a unit. The Canadian offer included as its principal item a reduction on window glass. At Geneva, the M.F.N. rate had been cut from 15% to 10% and the offer was 7 1/2%. The principal items on which compensation was sought in return were flour and salmon. Benelux, however, wanted to get the rate cut to 5% on window glass and were not prepared to make an offer that appeared to be adequate. As a result, it was not possible to conclude a new agreement.

With Cuba, it had been hoped to negotiate on quite a broad scale and the initial move was made on September 28. Nothing was, however, heard from Cuba until February. Their indication then was that unless Canada withdrew its preference margins on sugar, molasses, rum, cigars and other items they would withdraw their concessions. When the delegation declined to negotiate on that basis, Cuba next suggested a tariff quota on raw sugar and finally a bulk purchase. In discussions on an allocated bulk purchase, Cuba offered no real concessions, and negotiations were broken off. It was felt in Ottawa that the consequences of a failure to reach any understanding with Cuba would be so serious that a new effort was made on the basis of an allocated purchase of 75,000 tons. Cuba accepted, giving compensation for four items they were going to withdraw, and the schedule was renewed for a 3-year period. The agreement for the allocated purchase was outside the GATT arrangements. It seemed probable that there would be renewed difficulties with Cuba at the end of the 3-year period and that it would be hard for the government to extricate itself from bulk purchasing.[25]

[25] Voir le document 978./See Document 978.

With 16 countries, negotiations were successfully concluded. The countries were: Austria, Denmark, the Dominican Republic, France, Germany, Haiti, Indonesia, India, Italy, Korea, the Philippines, Peru, Sweden, Turkey and the United States. Of the agreements the most interesting were those with the United States, France, Germany, the Dominican Republic and Peru.

The delegation had been particularly anxious to make a new agreement with the U.S.A., partly because it was felt that this would be the last opportunity under the Reciprocal Trade Agreements Act. After some preliminary skirmishes and six weeks of informal discussions, formal talks began of a fairly substantial character. In all previous tariff arrangements between Canada and the United States, four items had figured: potatoes, cattle, timber and base metals. It had been felt that there was no chance of getting any new concession on potatoes. So far as cattle were concerned, no particular effort was made on the advice of the Department of Agriculture. In the case of base metals, it was thought that something might be secured but not aluminum. It had been doubted whether anything would be possible on dairy products and they had felt there was no real prospect in connection with filleted fish. The delegation considered, however, that it was worth while making a good effort and it was indicated that very substantial concessions would be offered if the United States made new provisions for potatoes, cheese, douglas fir plywood, birch plywood and aluminum. After reference to Washington, the United States delegation indicated that potatoes, cheese and aluminum were out; that something might be possible on douglas fir plywood but not on birch plywood. It was also indicated that substantial concessions would have to be forthcoming from Canada. After protracted discussion, and without having to concede much more than had been intended, the arrangement with the United States finally included a concession on fish, a full 50% reduction on douglas fir plywood, and a reduction on birch plywood that was greater than had originally been sought. Both Canada and the United States came down to 15% on canned salmon, which would operate on balance to the advantage of Canada. Altogether a very large schedule resulted. On a number of chemicals the full 50% reduction was arranged and in the entire industrial list there were many cuts. It had not been possible to reach any arrangement on paper. For fruit and vegetables, the only arrangement of interest applied to apples. Our duty was dropped from 37 1/2¢ to 18 3/4¢ and the United States duty to 12 1/2¢. Altogether it was felt that the U.S. barrel had been scraped pretty well clean of items of consequence to Canada.

Of the agreements with other countries, particularly good ones had been made with France and Germany. The whole range of the fifteen agreements affected farm products, processed farm products, fishery products, forest products and metals.

10. *Mr. McKinnon* said that, on British preferences, the United Kingdom had been more rigid at Torquay than at Geneva. The President of the Board of Trade had gone to Torquay twice and had urged that no margins of preference be given up, either *de facto* margins or bound margins. The Commonwealth countries other than Canada had tried to maintain a solid front on this. Mr. Wilson had made efforts to have the Canadian delegation instructed to take a similar position but the delegation remained out of the Commonwealth meetings. It was indicated that Canada would not refuse to give up any margin of preference if it would help in the

conclusion of an agreement. In substance the line was that the delegation had gone to Torquay to negotiate with other countries and that the negotiations had to contemplate the possibility of impairing the British margins. The United States had offered Australia the full 50% reduction on wool and it had been thought that Australia would not be able to resist the attraction of an agreement with such an item included. However, in the event no agreements were negotiated with the United States by the United Kingdom, Australia or South Africa. The old schedules were simply continued. In the case of the United Kingdom, the United States had presented a list of concessions that was so sweeping that the United Kingdom had decided there was no possibility that they could give adequate compensation. It had to be recognized that the Labour Party in the United Kingdom was in many ways quite as strongly attached to protection as was the Conservative Party. Importance was attached not only to protection in the U.K. market but also to protection of the preferred position of British producers in other Commonwealth markets.

In the discussions at Torquay, one of the limiting factors had been the U.S. method of operation. The U.S. Trade Agreements Committee was present at Torquay but it did not enter into any negotiations or discussions. The U.S. negotiating teams carried on the discussions with the interested countries and then took the proposals to the Trade Agreements Committee. In not a few instances this meant that, while the Canadian negotiators might be able to convince the U.S. negotiating team and conceivably might have been able to convince the Trade Agreements Committee, the U.S. negotiating team was the one that had to attempt to persuade the Committee to acceptance of the Canadian proposal. Arrangements that might have been quite acceptable and advantageous often fell at this hurdle. The Trade Agreements Committee was established by statute and consisted of about 12 persons representing various departments of the U.S. government. The members voted as representatives of their departments and acted more or less as a jury or a judicial board.

The agreements would be open for signature at the U.N. Headquarters on May 7 and would be published on May 9. They would become operative on June 6.

It seemed probable that this represented the last round of multilateral discussions under GATT. From this point forward, it was probable that discussions would be bilateral. The accomplishment of the sessions under GATT had been quite substantical. Very great reductions had been effected in the tariffs of countries which represented about 95% of world trade. Moreover, the reductions were bound for three years.

11. *The Committee*, after considerable discussion, noted the report of the Chairman of the Tariff Board concerning trade discussions at Torquay.

SUBDIVISION II/SUB-SECTION II

SIXIÈME SESSION DES PARTIES CONTRACTANTES
SIXTH SESSION OF THE CONTRACTING PARTIES

339. DEA/9100-AJ-40

Le haut-commissaire au Royaume-Uni au chef de la Direction économique

High Commissioner in United Kingdom to Head, Economic Division

PERSONAL AND CONFIDENTIAL London, June 20, 1951

Dear Wynne [Plumptre]:

I duly received your despatch No. E.2285† of June 11th, with regard to the proposed meeting of Canadian and United States officials to discuss matters coming up at the Sixth Session of the Contracting Parties to GATT, which is opening in Geneva on September 17th.

The only one of the topics for discussion on which I think it would be useful for you to have my comments is that pertaining to the future of GATT. In this connection I recently had occasion to set out my views in a personal and confidential letter to Mr. Eric Wyndham White, Executive Secretary, ICITO. I am therefore enclosing for your information copy of the personal and confidential letter which I received from Mr. Wyndham White, dated May 17th, and copy of my personal and confidential reply of May 24th. You will note that Mr. Wyndham White raised the questions relating to the future of GATT, and that I replied giving him my views as to what I thought should be the position taken in the interests not of any one country but of GATT as a whole.

I would ask you to ignore the particular references to the conflicting ideologies prevailing in Europe and North America, since I know that your own predilections are distinctly in favour of the European school. What I want to do is to keep ideologies out of GATT and to make it an increasingly useful international instrument. I am sure that you yourself will be the first to agree that in our approach to commercial policy questions, our general position should be closer to that of the United States than of any of the European countries. This I think is more important than the adherence to any particular theory concerning international trade.

I hope that this exchange of correspondence will be of some use to you. I have had to mark this letter "Personal and Confidential" on account of the nature of my exchange of views with Wyndham White, but I thought it desirable that you should know what has been passing through both our minds.

With kindest regards and best wishes.

Yours sincerely,

DANA [WILGRESS]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le secrétaire exécutif de la Commission intérimaire pour l'Organisation internationale du commerce au haut-commissaire au Royaume-Uni

Executive Secretary, Interim Commission for the International Trade Organization, to High Commissioner in United Kingdom

PERSONAL AND CONFIDENTIAL Geneva, May 17, 1951

Dear Dana [Wilgress],

Although it is clear that the present unsettled state of affairs makes it very difficult to envisage what changes there may be in the attitudes of governments between now and the Sixth Session towards the General Agreement, I have been giving some thought to what sort of proposals might form the basis of discussion at the Sixth Session on the future arrangements for the administration of the General Agreement.

These arrangements can, it seems to me, be considered apart from the question as to whether governments intend to proceed to put the Agreement into definitive application. Moreover, I think that arrangements can be worked out which would not drastically differ from the present set-up but would provide a solid basis for the existing structure and a basis for further expansion later if that became desirable.

The first fruits of my consideration of the problem are contained in the attached paper. It seems to me that from a legal point of view it would be quite feasible to proceed by way of a simple decision of the Contracting Parties. This would have the advantage of not involving the drafting of a legal instrument which would be required to be ratified and the entry into force of which would also involve delay and possibly some legal complications. As regards the substance of the proposal, you will see that it does not entail any change in the attributions or procedures of the Contracting Parties except that I have inserted the proposal for the establishment of a Standing Committee. This particular proposal could be omitted if the decision of the Contracting Parties were unfavourable to the establishment of such a Committee. The decision would only require minor amendment if this were the case. It follows from this approach that no amendment of the General Agreement would be necessary to give effect to the decision.

As regards other amendments to the Agreement, I should have thought that it would be desirable at this point to do as little as possible. However, it might be feasible to meet the point of view of those contracting parties who feel that the Agreement in its present form is somewhat unbalanced if some general language on the question of economic development and full employment is not inserted. What I have specifically in mind is the insertion in an appropriate place, perhaps as an addition to Article XXII, of provision for consultation between the Contracting Parties, upon the initiative of any one or more of them, with a view to appropriate measures being taken by contracting parties against the international spread of a decline in employment, production or demand. As regards economic development,

there might be introduced into the Agreement a general provision on the lines of paragraph 1 of Article 10 of the Havana Charter.

I should be grateful to have your views on these various suggestions since it seems to me that it will be in the interests of all concerned if the discussions in September on these questions could be directed to specific and limited proposals rather than ranging over a broad and indefinite field.

Yours ever,

ERIC [WYNDHAM WHITE]

P.S. I have not sent this to Ottawa; I thought perhaps you might like to have a chance to comment on it first.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le haut-commissaire au Royaume-Uni
au secrétaire exécutif de la Commission intérimaire
pour l'Organisation internationale du commerce

High Commissioner in United Kingdom
to Executive Secretary, Interim Commission
for the International Trade Organization

PERSONAL AND CONFIDENTIAL London, May 24, 1951

Dear Eric [Wyndham White]:

I have read over with interest your personal and confidential letter of 17th May, particularly the draft decision relating to the administration of the General Agreement which was enclosed with your letter.

You are very wise to be giving early attention to the sort of proposals which might form the basis of discussion at the Sixth Session in September on the future arrangements for the administration of the General Agreement. I think the experience of the last session shows the need for careful preparation before each step is taken.

I have no comments on the draft decision which you enclosed. It seems to meet the requirements very well, and I like the idea of setting forth the international administration as a whole. This serves to place the proposed Standing Committee in proper perspective, and gives the desired standing to a Permanent Secretariat which is one of the chief objects we wish to achieve.

I am glad you have come to the conclusion that from a legal point of view it is possible to proceed by way of a simple decision of the Contracting Parties. This will save a lot of trouble, since anything requiring ratification or anything in the nature of an amendment to the Agreement would have unduly complicated the whole approach to what is after all really a consolidation of developments over the past few years.

I now come to the more important question of substantive amendments to the Agreement. In my view the whole future of the General Agreement depends upon

the manner in which this difficult question is approached, and that is why I think the Sixth Session will be so important in the history of GATT.

I quite agree that the administrative arrangements can be considered apart from the question of whether governments intend to proceed to put the General Agreement into definitive application. On the other hand, the standing of the General Agreement and its future as a recognized international instrument depends, in my view, on keeping ever before governments the prospect that the Agreement will eventually be definitively applied. For this reason it is almost vital that the United States Government should continue to declare their intention of applying the Agreement definitively whenever it is possible to have Congress pass the Customs Simplification Bill and other consequential legislation.

We must learn from the mistakes of the past. It is quite clear that continued United States support for GATT will not be forthcoming if we incorporate into the General Agreement provisions of the Havana Charter which are repugnant to American opinion. Among such provisions I would cite the full employment provisions, paragraph 4(b) of Article 21 (the domestic policy provision), the more specific provisions relating to subsidies, and the chapter on commodity agreements.

These provisions have a particular appeal to the countries of Western Europe who have been most influenced by the ideas of the late Lord Keynes. What we have to realize is that these ideas have not secured anywhere near the same foothold on the North American continent, and in fact are anathema to the liberal school of thought often designated by the term "free enterprise". We hear a lot of talk about American free enterprise being opposed to European socialism, but the clash in reality is between economic liberalism and managed economies. What we have to do in GATT is to try to steer a middle course between the two and not become involved too much one way or the other.

The provisions I have cited as appealing particularly to the managed economy school of thought also appeal to the under-developed countries, whose pet provisions of the Havana Charter are those concerning economic development. It is easy to obtain a majority in support of the inclusion of many of the provisions dear to the managed economy school by throwing in also the economic development provisions. The result would be in the end a General Agreement as repugnant to the United States opinion as the Havana Charter. I would have no great objection to an addition to Article XXII of a provision for consultation in case of a decline in employment, production or demand, nor would I have any strong objection to the inclusion of such a general and rather meaningless provision as paragraph 1 of Article 10 of the Havana Charter. I fear, however, that if at an early stage of the Sixth Session there was a proposal to include such provisions, it would merely whet the appetite of many of the Contracting Parties for more, and the rot would set in with fatal results to the whole cause we have at heart. In my view, such proposals should only come at a stage somewhat similar to that which was represented by the Coordinating Committee at Havana, namely as a last attempt to reach a compromise.

The United States Delegation is going to have a difficult time to resist additions to the General Agreement. The only support they can rely on would be that of the

Canadian Delegation. Since one cannot always be sure of the quality of the United States representation, it may be necessary for you at times to step out of your role as Executive Secretary and give the United States Delegation friendly advice as coming from one who has the interests of the General Agreement so much at heart.

I would think that the proper tactics to adopt are to take a firm stand against any additions to the General Agreement. It could be argued that we have got along very well with the Agreement as it now stands; that we have been successful because we have not been attempting to do as much as was envisaged for the ITO; that if we add on to our organization functions originally intended for an ambitious organization like the ITO, we may break the back of a small organization based on the administration of an instrument which is now only receiving provisional application.

From this one could go on to argue that there is no need to add the provisions of the General Agreement, because most of the other provisions of the Havana Charter are being administered by other international bodies. For instance, the Economic and Social Council has been giving active attention to full employment. Economic development is also being dealt with by the same body and by other organizations. An organization is in process of development in Washington for dealing with commodities. It is true this organization is at present only concerned with raw materials, but it would be a simple matter to have it later on deal with basic foodstuffs. There only remains restrictive business practices, but this chapter of the Havana Charter was the special pet of North America and the North American delegations are willing to forego the addition of this chapter if other countries will forego the addition of provisions of the Havana Charter which are of special interest to them.

In my view, the General Agreement has succeeded because there is great need for a code of conduct regulating international trade. It is when we endeavour to go beyond the administration of that code of conduct to give effect to more positive provisions that we will land in trouble, simply because then we run up against the irreconcilable differences between opposing schools of economic thought.

Coombs argued very effectively at London, Geneva, and Havana, that the original United States proposals were too negative. They consisted merely of a series of "don'ts". He urged, therefore that we include some positive provisions so that the Havana Charter contained a series of "shalls". It is too much to expect the United States, representing as it does one-half of the world's economy, to swallow this series of "shalls" as the price of having the other countries swallow the "don'ts".

We have achieved in GATT an instrument which I believe will in course of time be acceptable to American opinion. We must not jeopardize this chance by pursuing what experience has proved to be wrong. The chief fallacy of Coombs was that it is often difficult to combine positive with negative functions. No one would think of condemning the Criminal Code because it is entirely negative in character, nor would one think of fastening on to Courts of Justice responsible for administering the Criminal Code the additional burden of running institutions designed to remove the causes of crime. The latter more positive functions rightly belong to other bodies. Let us, therefore, leave to ECOSOC and other international organizations the positive functions Coombs had in mind, and keep alive what already has proved to

be a code of conduct which the important trading nations of the world can accept. There would not be 38 Contracting Parties to the GATT if this was not the case.

I hope you will excuse this rather lengthy letter, but I did want to make clear to you how I feel about these important matters. A great deal will depend upon how you yourself approach these problems during the coming months.

With kindest regards and all good wishes,

Yours sincerely,

L.D. WILGRESS

P.S. It is important also to bear in mind that the United Kingdom are anxious to have the General Agreement thrown open for amendment so that they can attempt to have removed the ban on increases in preferences.

340. DEA/9100-AJ-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassade aux États-Unis

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

LETTER NO. E-2551 Ottawa, July 16, 1951

CONFIDENTIAL

Reference Our Despatch No. 2217 of June 11, 1951.†

DISCUSSIONS IN OTTAWA WITH U.S. OFFICIALS CONCERNING NEXT SESSION OF CONTRACTING PARTIES TO GATT

These informal discussions, suggested by the U.S., were held in Ottawa on June 25th and 26th. On the U.S. side the following officials participated; Mr. John M. Leddy, Mr. Carl Course, Mr. W.T.M. Beal, all of the State Department; Mr. Woodbury Willoughby and Mr. A.E. Frank of the U.S. Embassy.

2. To open the discussions a meeting of the Interdepartmental Committee on External Trade Policy had been arranged. More detailed discussions subsequently took place at meetings of the Interdepartmental Subcommittee on External Trade Policy. Some of the salient points which arose during the discussions are briefly record in this letter.

3. The main question considered at the opening meeting was how the principles of the GATT might best be sustained and carried forward.

4. Mr. Leddy said that the demise of the ITO, and the failure of the U.S. to reach agreements at Torquay with the Commonwealth countries other than Canada, had among other factors opened the question of whether North America, the sterling area and Western Europe really continued to share common objectives in their international economic policies. Consequently he suggested that a public reaffirmation of the principles that underlie the ITO and the GATT might be desirable. At the present time the GATT ties the three economic systems together and should be put

on a continuing and more effective basis. The difficult question arose as to whether the September session was a propitious time to raise substantive issues of this kind.

5. It was clear from the ensuing discussions that careful consideration had to be given to the probable response of the U.K. to any steps which might be taken. Action, at this time, intended to strengthen the GATT might, in fact, have the opposite effect by precipitating a move to loosen basic provisions concerning preferences, quantative restrictions and non-discrimination. If the present uncertain political balance in the U.K. still existed during the next session, it would no doubt impose, at best, a negative role on the U.K. delegation.

6. Mr. Leddy expressed the view that arrangements for the continuing administration of the GATT could be made without opening up basic issues of a controversial nature.

7. Mr. N.A. Robertson, who was in the Chair, suggested toward the end of the meeting that, in the present circumstances, there was a real risk that a move for public reaffirmation of economic objectives might instead lead to repudiation; the present appeared to be a period for consolidation in which the important thing was to see that there was no backsliding.

Continuing Administration of the General Agreement

8. The objective here is to put the GATT on a firmer basis in the absence of an ITO. The U.S. have formulated a proposal that would have the effect of grafting the GATT Secretariat on to the U.N. Secretariat. To carry it out three steps are necessary: (1) agreement by the C.P. and a consequential recommendation to the ECOSOC; (2) a recommendation by ECOSOC to the General Assembly and, (3) approval of the proposed arrangement by the General Assembly. While the timetable would be tight, it may be possible to complete these steps in time for the arrangement to take effect early next year. Otherwise the present interim arrangements for financing the GATT would have to be carried over until next autumn.

9. Under this proposal the GATT budget would be paid out of U.N. funds. But it is intended that contracting parties who are not members of the U.N. would contribute their share. It is also intended that the GATT will continue to enjoy a high degree of autonomy.

10. It is thought that the GATT would be more secure under the umbrella of the United Nations than in the U.S. legislative mill; if the GATT were submitted to the U.S. Congress for definitive acceptance at this time it might meet substantial opposition. In spite of the obvious disadvantages and difficulties of an association of this sort the Canadian group was inclined to support the proposed arrangement as the best available alternative in the circumstances.

Quantitative Restrictions

11. Three possible alternatives with regard to the Review of Q.R. maintained for balance of payment reasons were discussed. The Report could consist: (a) of a purely factual presentation or, (b) it could, in addition, come to certain general conclusions about the justification for the continued maintenance of Q.R. or, (c) it could go a stage further and make detailed recommendations with respect to individual countries.

12. During the discussion of this subject Mr. Rasminsky expressed the view that the most effective assistance would be forthcoming from the I.M.F. if the C.P. established definite terms of reference for the association of the Fund in the Review. In this regard Mr. Deutsch suggested that there were the following alternatives; (a) the C.P. could tell the Fund what to do, (b) the Fund could, as in the past, participate with conclusions arrived at in advance of the Review by the C.P., (c) the Fund representative could participate in the Review, as it progressed, on a verbal basis. Mr. Deutsch favoured the latter approach. For institutional reasons, however, this arrangement might not be favoured by the Fund.

13. On the question of the Report which would emerge, while it might appear desirable to press for conclusions of a positive nature, it was suggested by the Canadian group that the question should be approached with caution. Given the composition and voting arrangements in the GATT there was a real danger that the "wrong" conclusions might emerge. It was difficult to secure conclusions unless they were specifically required by the GATT. It might, therefore, be better to wait for the March 1952 Review when justification for the continuation of discriminatory practices is required.

14. It was also suggested that the difficulty of reaching appropriate conclusions is complicated at present by defence programmes. Only tentative views on the matter were possible at this stage. The attitude to be adopted at the Sixth Session would have to depend to a large extent on the situation as it developed there. There might, however, be some advantage in advance consultations with the U.K. with a view to reaching agreement prior to the session on a conclusion similar to that contained in the second Report of the Fund on Exchange Restrictions. A general conclusion of the kind in that Report which does not refer to any particular country might be acceptable to the U.K.

New Zealand and Special Exchange Agreement

15. The U.S. side expressed the view that as there seems to be no prospect of N.Z. joining the Fund or entering into a Special Exchange Agreement this perennial question has become a "blind alley". It was suggested by the Canadian group that the best way out might be to obtain an undertaking by New Zealand at the next Session to the effect that New Zealand will conduct her exchange policies in such a way as not to frustrate the principles of the Fund at the GATT.

Restrictive Business Practices

16. The U.S. has placed this item on the agenda. With the lapse of the ITO, there is no U.N. activity in the field of monopoly, cartels and restrictive business practices generally. The U.S. resolution recommends to U.N. member governments the adoption of a general policy on restrictive business practices and the establishment of an ad hoc committee of the Council. This committee would be responsible for the drafting of a convention on restrictive business practices to be submitted directly to governments. It would also work out appropriate organizational arrangements within the U.N. for giving effect to the undertakings of the convention.

17. The recommendations contained in the U.S. resolution follow the wording of Article 46 (1) of Chapter 5 of the Havana Charter which was found acceptable by Canada at the Havana Conference.

18. It was indicated at the meeting that the Canadian Delegation would probably support the draft resolution. It was also agreed that this matter should be dealt with in the ECOSOC forum rather than by the GATT.

Schuman Plan Waiver

19. Because Schuman Plan countries will grant more favourable tariff treatment on coal and steel to each other than to other GATT countries a waiver of the MFN obligation in the GATT is required. It was considered important that the general incidence of the tariffs on coal and steel against the outside world should not be increased as a consequence of the Plan.

20. Mr. Plumptre said that the Canadian Government had indicated active support for a waiver specifically aimed at this particular operation. He suggested that it might be better to tie the waiver to the volume of goods moving instead of trying to devise some formula to measure the average incidence of tariffs. It was also suggested that the right to object about the operation of the Plan should not be forfeited in the waiver. In addition the point was made that the reasons for the waiver in the case of coal and steel should be spelled out in such a way as to prevent its use as a precedent for similar waivers for schemes in fields where they would not be justified.

Commodity Policy

21. Like the item Restrictive Business Practices this subject arises out of the lapse of the ITO. As recommended by ECOSOC the Secretary General has prepared a study on appropriate procedures to be adopted for convening study groups and international commodity conferences. It is understood that the U.N. Secretariat has prepared a draft resolution recommending that Governments follow a set of principles and procedures implementing the substance of Chapter 6 of the Havana Charter and other closely related articles of the Charter, and creating a permanent three man Commodity Coordinating Committee. Chapter 6 of the Havana Charter having been found acceptable to Canada it was indicated that we are prepared to give general support to the proposed action.

22. It was suggested in the course of the discussions that in the U.K. officials would favour having this subject considered in relation to GATT amendments. The U.S. and Canadian officials, however, agreed that it would be preferable to deal with Commodity agreements in the ECOSOC forum.

Czechoslovakia

23. The U.S. Administration had been directed in the RTAA to withdraw tariff concessions from Czechoslovakia. This raises the question of the interest of other countries in the concessions which are to be dropped. When China withdrew from the GATT, the U.S. retained the existing rates on items in which other countries had a substantial interest and dropped them on the remaining items.

24. Mr. Isbister expressed the view that other countries should not be placed in the position where they would have to make new concessions in order to retain the advantages they had gained under the Czechoslovakia-U.S. Agreement. Mr. Reisman pointed out that the China case is not parallel in that Czechoslovakia is not withdrawing from the GATT whereas China did. The Czechoslovak items are bound and it was possible that the C.P's. might not grant a waiver.

25. Mr. Leddy said it appeared advisable for the U.S. to seek a waiver before withdrawing the concessions from Czechoslovakia rather than take unilateral action in this matter.

Arrangements for Tariff Negotiations under the GATT

26. The U.S. is intending to seek agreement at the Sixth Session on arrangements, in the absence of new general tariff conferences under the GATT, to allow the undertaking and conclusion within the GATT framework of tariff negotiations (a) between existing contracting parties and non GATT countries for the accession of the latter to the GATT and (b) among existing contracting parties for the further reduction of tariff barriers among them.

27. The role of the proposed Standing Committee in connection with such arrangements was discussed — particularly with reference to securing an advance indication of whether the accession of a new country was likely to secure the necessary approval by 2/3 of the C.P's.

28. It was agreed that consideration should be given to arrangements for the tariff negotiations in the absence of general conferences such as had been held at Geneva, Annecy and Torquay.

Problem of Disparities in the Level of European Tariffs

29. The low tariff countries in Europe are pressing for action on this problem which arises primarily out of the inadequate operation of the principle that the binding of a low tariff constitutes a quid pro quo for the reduction of a high one. The inter-sessional study of the problem arranged at Torquay has apparently not progressed very far.

30. It was agreed that a non-discriminatory solution to the problem should be sought. In this connection it was pointed out that payment for such a solution might well include further tariff concessions by the U.S. and Canada.

Amendments to the GATT

31. It was generally agreed that the introduction at the next session of the contentious question of substantive amendments to the GATT should be avoided. In this general connection Mr. Plumptre said that Mr. Wilgress was of the view that the GATT should be preserved as the international instrument in the field of commercial policy and that its usefulness and effectiveness would be undermined by the addition of other responsibilities which could better be dealt with by other international bodies.

RTAA

32. Mr. Leddy expressed the view that the only real setback in the new RTAA was in relation to agriculture. Prior to 1947, Section 22 of the AAA made provi-

sions for fees quotas etc., when agricultural imports prejudice the operation of domestic agricultural price-support programmes. After GATT was entered into, the Administration had succeeded in getting Congress to alter Section 22 in such a way as to establish that the obligations under GATT took precedence. That provision had now been removed and the position reverted to that of 1947. Notwithstanding this setback the Administration felt that the RTAA was workable and that it might be possible to administer the revised Section 22 in such a way as not to conflict with GATT obligations.

A.G.S. GRIFFIN
for Acting Under-Secretary of State
for External Affairs

Note: A copy of this letter is being sent to Mr. Willoughby of the United States Embassy here.

341. DEA/9100-AJ-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassade aux États-Unis

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

LETTER NO. E-2774 Ottawa, August 20, 1951

CONFIDENTIAL

Reference Our letter No. E-2551 of July 16.

SIXTH SESSION OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Mr. John M. Leddy of the United States State Department returned to Ottawa on August 16 to discuss with Canadian officials the results of the talks which he had with the British, French, Belgians, Dutch and Norwegians regarding the principal issues which are likely to be raised at the forthcoming session of the Contracting Parties. The following is a brief outline of the main points which emerged from our discussions with Leddy.

Restrictive Business Practices

2. Leddy reported that the United Kingdom had been the only country thus far to oppose the United States proposal to have this subject discussed at the current session of the Economic and Social Council. United Kingdom officials considered that restrictive business practices were closely related to the broader aspects of commercial policy and ought, therefore, to be dealt with under the GATT rather than by ECOSOC. Apart from these formal considerations, the United Kingdom position was that action in this field should only be taken in conjunction with amendments to the GATT in its present form by having ECOSOC assume responsibility for the implementation of individual articles of the Havana Charter was not acceptable to the United Kingdom. Finally, it was suggested that the United Kingdom authorities

would find it politically difficult to deal with the cartel question at this juncture and that they would much prefer to avoid taking action for the time being.

3. Leddy made it clear, however, that the United States proposal did not envisage anything in the nature of concrete or definitive action at this time, but merely called for the setting up of a working party by ECOSOC to consider the implications of this question and to recommend action which might appropriately be taken by intergovernmental agreement. Inasmuch as Canada had taken an active part in the framing of Article 5 of the Havana Charter and was therefore, in a sense, committed to the principles embodied in it, he hoped that Canada would find it possible to support the United States proposal in the Economic and Social Council. In the absence of Canadian support, he suggested, it might be difficult to enlist the support of the Western Europeans who were chronically reluctant to take measures against cartels.

4. We told Leddy that the feeling of Canadian officials seemed generally sympathetic to the United States proposal. However, when Cabinet approved the General Instructions to the Canadian Delegation to ECOSOC, it had done so subject to the condition that any specific proposal relating to a conference or convention on restrictive business practices should be referred to Ottawa for direction. The Canadian Delegation had accordingly been instructed to refrain from actively supporting the principle of the assumption by ECOSOC of responsibility for initiating international action in this field, and to keep Ottawa fully informed of any relevant proposals which might be submitted to the Council. Now that the United States proposal had been informally circulated at Geneva, it would be referred to Ministers.

Basic Amendments to the GATT

5. It now appears that the United Kingdom will not propose any substantive amendments to the GATT at the coming session of the Contracting Parties. The United Kingdom authorities are prepared to see the GATT applied in its present form as long as it is understood that the Agreement will continue to be regarded as no more than provisional. As for the French and Belgians, they expressed the view that no basic amendments were, in fact, required and that they would be ready to accept the GATT definitively in its present form.

6. The Norwegians, on the other hand, are evidently determined to press for the inclusion of Articles 3, 4 and 6 of the Havana Charter, or something like them, at the forthcoming Geneva session. In this connection Leddy pointed out that Article 3, dealing with full employment, had no significance for anyone as long as the GATT was merely on a provisional basis. This could, of course, not be said for Articles 4 and 6 which might be considered on their merits. He thought that, partly for domestic political reasons, the Norwegians would go ahead with the inclusion of their proposed amendments in the agenda of the Sixth Session, though he was unable to say how far they were prepared to press their case.

Continuing Administration of the GATT

7. With the exception of the French none of the European countries appeared to welcome the United States suggestion that responsibility for the financing of the

GATT Secretariat be transferred to the United Nations. United Kingdom officials feared that this would lead to undue interference by ECOSOC in the activities of the Contracting Parties, and this fear was shared by the Belgians and the Dutch. The United Kingdom and Norway also thought that the integration of the GATT Secretariat in the framework of the United Nations carried with it an implication of permanence which they were not prepared to endorse.

8. In reply to these objections, Leddy pointed out that the Contracting Parties would, in any case, spell out their autonomy in addressing their recommendations to ECOSOC. Integration in the United Nations should entail no more than the submission of an annual report to ECOSOC. This report would of course be debated in the Council but such a debate could not have been avoided even if the I.T.O. had been set up. Leddy saw no alternative to the United States proposal since the Administration in Washington is more than reluctant to submit the GATT to Congress. He hoped that United Kingdom support might, in the end, be forthcoming for the integration proposal, if only as a *pis aller.*

Arrangements for Tariff Negotiations under the GATT

9. All of the countries consulted appeared to be agreeable to the setting up of some mechanism for the initiation of negotiations between the regular sessions of the Contracting Parties. The relevant United States proposal was, however, regarded as too general in nature and Leddy intimated that a revised paper would shortly be circulated by the United States.

10. As you will recall, the United States proposal regarding the procedure to be adopted for intercessional tariff negotiations were based, in part at least, on the assumption that there would be no objection to the creation of a Standing Committee which could function as a central co-ordinating body. It was felt that the existence of such a Committee would shorten the regular sessions even if it did not reduce their number, and by shortening the sessions would probably ensure high-level representation on the part of the Contracting Parties. At the same time, it was clearly realized that the present mood of the Contracting Parties would not favour the shifting of substantive issues to a Standing Committee and that, if such a Committee were created, its terms of reference would have to be rigidly delimited.

11. Leddy told us that the United Kingdom was the only country which had raised objections to the creation of a Standing Committee, mainly on the grounds that such a step would imply the permanence of the GATT. He suggested, however, that United Kingdom agreement could probably be secured if some more innocuous name were adopted for the Committee, and if it were made clear that the Committee would function only between one session and the next. It was generally agreed that, as long as the GATT remained provisional, the headquarters of the Committee should be at Geneva; it had positive advantages and alternative sites raised too many problems.

Quantitative Restrictions

12. The consensus of opinion among the countries consulted was that the Executive Secretary of the GATT should draw up, in consultation with the International Monetary Fund, a single report covering both the review of restrictions provided

for under Article XII-4(b) and the second report on discrimination under Article XIV-1(g). This report would be submitted without conclusions, and the Contracting Parties would then work out general conclusions as a result of their review in which the Fund representative would participate on the same basis as national representatives. The Fund representative would be free to agree or disagree with the conclusions reached, but it was considered unsatisfactory for the Fund to submit a separate report with conclusions which had been formulated prior to the review and thus rendered the position of the Fund representative unnecessarily inflexible.

13. The United Kingdom had no jurisdictional objections to a general review with general conclusions, and Leddy indicated that the United States was inclined to agree with this procedure. The Contracting Parties would, in any case, have to produce justification for continued deviations from the rules of non-discrimination in March 1952.

14. There was evidently no disposition on the part of any of the countries visited by Leddy to support the Australian proposal to settle relations between the GATT and the Fund definitively and in great detail at this session. It would appear, moreover, that the Australian themselves are prepared not to press for action at the present juncture.

Schuman Plan Waiver

15. Inasmuch as there appeared to be little likelihood of the Plan's being ratified before the end of the year, the question of a waiver would probably not come up at the forthcoming session of the Contracting Parties. Leddy thought that the formulation of an appropriate waiver might be one of the subjects which the proposed Standing Committee could be asked to consider.

16. As a result of his conversations with some of the Western Europeans Leddy had gathered the impression that there might be some pressure to have the waiver drafted in such a form that it could be regarded as creating a precedent rather than as a unique document to apply to a very special intergovernmental arrangement. We agreed with Leddy that this ought to be avoided and that the Schuman Plan waiver should not be regarded as automatically paving the way for future intra-European arrangements of a similar nature.

Czechoslovakia

17. Leddy outlined the dilemma in which the United States had found itself in connection with this issue. If the United States Government had decided to confront the Contracting Parties with a *fait accompli* be abrogating its present obligations toward Czechoslovakia before obtaining a waiver, such action on the part of the United States would obviously have created an undesirable precedent. At the same time, however, in taking such a step the United States would have assumed the entire responsibility without involving other Contracting Parties in what will no doubt be a delicate decision. Furthermore, if the United States request for a waiver were rejected at the Sixth Session of the GATT, Washington would be compelled to renounce its obligations unilaterally in contravention of a decision by the Contracting Parties, and this would probably be more detrimental to the prestige of the

GATT than if such action had been taken without prior consultation with the Contracting Parties.

18. As for the basis on which the United States might seek a waiver of its obligations toward Czechoslovakia, United Kingdom officials felt that the waiver should be in such general terms that other countries could subsequently avail themselves of it, if they so wished (Leddy was not able to give reasons for the United Kingdom position). The reaction among the continental Western Europeans, on the other hand, was precisely the opposite. These countries are anxious not to have political issues brought into the GATT and would be most reluctant to be put in a position where they might have to pronounce themselves on the more general questions of East-West trade or the implications of the political tension between the Soviet bloc and the countries of the free world for the continuation of normal economic relations.

19. We told Leddy that it would probably also be much easier for Canada to support a waiver on a purely bilateral basis in which other countries would not be directly implicated. Ministers might well agree, on the basis of newspaper reports, that the United States had a good case in its complaint against Czechoslovakia. They would probably not, on the other hand, wish Canada to be involved in the waiver, since we had no spectacular commercial grievances against Czechoslovakia ourselves, and would be reluctant to have the GATT step out of the commercial sphere.

20. We gathered that the United States has no wish to put other countries in a difficult political position and that there is no disposition in Washington to take any action designed to drive the Czechs out of the GATT. It would, of course, be virtually impossible in any case to secure Western European support for the waiver on such a basis.

21. It is our impression that, under the proposed waiver, the United States will seek the severance of all its contractual obligations toward Czechoslovakia under the GATT, including, of course, tariff concessions originally negotiated by the United States with Czechoslovakia. In order, however, to minimize the effects of the waiver upon the multilateral structure of the GATT, we understand that the authorities in Washington are planning to maintain these tariff concessions in respect of all other Contracting Parties which are affected by them.

22. Incidentally, Leddy added that United States representatives at Geneva will make it clear that the fur-felt-hat complaint will be regarded as continuing because of its interest to other Contracting Parties. The United States is anxious to avoid creating the impression that the waiver is being used as a means of shelving an obviously embarrassing complaint.

Problem of Disparities in the Level of European Tariffs

23. No final report has yet been submitted by the inter-sessional working party which was set up at Torquay to consider this problem. The Dutch, however, have put forward a proposal involving a comprehensive list of all items of intra-European trade in which there is any disparity. Under their proposal the disparity between the highest and lowest European tariff would be calculated and provision made for its reduction on a percentage basis over a number of year.

24. Leddy told us that the Benelux and Scandinavian countries are planning to meet on August 20 to discuss the Dutch proposal. If they reach a substantial measure of agreement, it will then be necessary for them to sell the proposal to the reluctant French who have already advanced a series of counter-proposals. As for the United Kingdom, it would probably not agree to any automatic formula as envisaged in the Dutch proposal. The United Kingdom would prefer to have the reductions initially confined to the Continent and to compensate at a later stage on a selective basis.

United States Quotas and Embargoes on Agricultural Imports ("Andresen Amendment")

25. We discussed in some detail the United States House of Representatives amendment to Title 1 of the Defence Production Act of 1950 which not only contravenes the obligations assumed by the United States under the GATT but, with specific reference to Canada, would have the practical effect of reducing the value of an existing concession by cutting substantially our exports of cheese and processed milks to the United States.

26. We indicated to Leddy that, during the last session of the Canadian Parliament, Members had insistently questioned officials in Committee in regard to the permanence of the concessions extended to Canada by the United States at Torquay. In response to these questions officials had gone a long way towards assuring Members that it would be almost inconceivable for the United States to nullify or impair these concessions and (in reply to further questions) that, in the unlikely event of such nullification or impairment, executive action only would be required for retaliatory measures and it would not be necessary to call a special session of Parliament.

27. Quite apart, however, from the specific question at issue, Congressional endorsement of the import control amendment would tend to reinforce the impression that anything we negotiate with the United States cannot, in the final analysis, be regarded as firm and that what happened to us in respect of cheese exports today might happen to us at any time in respect of other products in which Canadian exporters have a substantial interest.

28. Leddy admitted that the import control amendment represented a clear departure even from the provisional application of the GATT. It was his understanding that the Office of Defence Mobilization had under consideration a modification of the Defence Production Act during the present session of Congress. The view was expressed that a strong formal representation by the Canadian Government, in a form in which it could be made public, might be most influential if the Administration reopened the issue with Congress.

29. In general, it was felt that any action taken by the United States in this connection should be designed to restore the original concession rather than to compensate for this departure from the principles embodied in the GATT.

A.F.W. PLUMPTRE
for Under-Secretary of State
for External Affairs

342. 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. 222-51 Ottawa, August 28, 1951

CONFIDENTIAL

SIXTH SESSION OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Delegation

It is recommended that the Canadian Delegation to the forthcoming session of the Contracting Parties to the GATT, which opens at Geneva on September 17, be composed as follows:

Chairman
C.M. Isbister, Department of Trade and Commerce

Parliamentary Adviser
James Sinclair, M.P., Parliamentary Assistant to the Minister of Finance

Delegates
L. Couillard, Department of External Affairs
W.J. Callaghan, Department of Finance
S. Reisman, Department of Finance
M. Schwarzmann, Department of Trade and Commerce

Secretary
K. Goldschlag, Department of External Affairs

General Instructions

2. In view of the successful tariff negotiations under the GATT by which tariffs accounting for a large proportion of the world's trade have been reduced and bound against subsequent increase, the Delegation is instructed, in general, to support measures which will strengthen the GATT and add prestige and continuity to its functions. On the other hand, it should oppose measures which, by expanding the scope of the existing activities of the Contracting Parties, might diversify their objectives and possibly diminish their effectiveness in the field of tariffs and trade.

3. At the coming session consideration will be given to proposals for establishing some form of inter-sessional organization to render the regular sessions of the Contracting Parties more fruitful and less protracted with a view to ensuring a high level of representation at such sessions. The Delegation should continue to sponsor proposals aimed at improving in this way the effectiveness of the administration of the General Agreement.

4. As a result of the continued deterioration of commercial relations between the United States and Czechoslovakia, and recent legislation in the United States which requires the withdrawal of tariff concessions from countries under Soviet domina-

tion, the United States has given notice that it will seek from the Contracting Parties a waiver of its obligations toward Czechoslovakia.

5. It is understood that this waiver will be sought, not on broad political grounds, which would provoke unnecessary political debate and controversy, but on the grounds that the Czechs have already defaulted in their general obligations under the GATT towards the United States by their persecution and intimidation of persons trading with the United States and by their unwillingness to allow Americans to visit and trade freely in their country.

6. It is further understood that the proposed United States action will be designed to avoid injury to the interests of other Contracting Parties and, furthermore, that the United States will not request other Contracting Parties to follow her lead in withdrawing tariff concessions from Czechoslovakia. On this understanding the Delegation should support the waiver of obligations requested by the United States.

7. Now that the United States has indicated that it will not ratify the Havana Charter for an International Trade Organization, the GATT remains the only multilateral instrument under which negotiations can be arranged to deal with tariffs and related questions. In the consideration which is to be given to the continuing administration of the General Agreement, the Delegation should, therefore, support measures designed to ensure the stability of the GATT organization and the provision of the necessary financial support.[26]

L.B. PEARSON

[26] Approuvé par le Cabinet, le 29 août 1951./Approved by Cabinet, August 29, 1951.

343. PCO/Vol. 194

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

ICETP-89 [Ottawa], November 12, 1951

SECRET

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance
Mr. H.B. McKinnon, Chairman of the Tariff Board
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada
Mr. M.W. Sharp, Associate Deputy Minister of Trade and Commerce
Mr. L.W. Pearsall, Department of Agriculture
Mr. G.B. Urquhart, Department of National Revenue
Mr. A.G.S. Griffin, Department of External Affairs
Mr. R.B. Robertson, Privy Council Office (Secretary)

Also Present:

Mr. L. Rasminsky, Bank of Canada
Mr. J.J. Deutsch, Department of Finance
Mr. C.M. Isbister, Department of Trade and Commerce
Dr. A.E. Richards, Department of Agriculture
Miss M. Meagher, Department of External Affairs
Mr. S.S. Reisman, Department of Finance

I. G.A.T.T.; REPORT ON GENEVA MEETING

1. *Mr. Isbister* said that consideration of the Geneva meeting of the parties to GATT afforded an appropriate opportunity to examine the position of GATT at this stage.

It was apparent that events since 1947 had not enabled fulfilment of the expectations when the General Agreement was signed. It had been thought then that import restrictions would gradually be eliminated. Instead there were at present 23 countries with such restrictions for balance of payments reasons. Balance of payments difficulties had been the normal instead of the exception since 1947. Notwithstanding this discrepancy between present conditions and those for which GATT was designed, the Geneva meeting indicated a surprising vitality and interest in the organization. A statement by Mr. Shawcross had been interpreted as notice of U.K. intention to withdraw from GATT, but it had been misinterpreted. What he had done was to point out that GATT had been intended as a transitional compromise to apply until the International Trade Organization was established. With I.T.O. dead, the status of GATT was altered and the U.K. wished to make it clear that they were not satisfied with its present provisions and were looking toward the review that was provided for by Article XXIX. The major reason for U.K. dissatisfaction was the lack of adequate elbow room for British preferences. Their emphasis on the

importance of a general renegotiation led them at the present time to discourage proposals for interim adjustments and partial changes.

Almost all major countries expressed some dissatisfaction with GATT. Usually it was directed at one or the other of the opposite sides of the same point. Soft currency countries complained that the United States was a high tariff country and that under GATT it had no need to scale down its tariffs and was under no compulsion to carry out its real obligations as a creditor country. On the other hand, they claimed they had to justify any quantitative restrictions they found they had to impose. The Agreement was balanced against them. On the other side, the hard currency countries usually took the position that under GATT they had reduced their tariffs and opened their markets but that they could get no real compensation because quantitative restrictions kept them out of the soft currency markets. In the face of such complaints, it seemed rash to predict that any renegotiation under Article XXIX would produce a balance very different from that now provided in GATT.

At the Geneva meeting, the Canadian delegation found itself with grievances against the three principal Canadian customers — the United Kingdom, the United States[27] and Belgium.[28] In the case of the United Kingdom, the problem was the adaptation of their utility programme to meet complaints about adverse treatment of imported items. There was some debate but the United Kingdom indicated it was not yet in a position to correct the situation.

The problem with the U.S. was that of the restrictions on dairy products. Canada and eight other countries all said that they were contrary to GATT and had caused injury. At the end of the meeting, as Congressional action in the United States was still incomplete, the problem had been to decide what action should be taken. It was desired to have recognition that retaliatory steps would be justified but it was felt undesirable to give specific authorization for them unless some countries were prepared to act. Moreover, it was felt that it would be more helpful to the U.S. administration in securing Congressional action if there was a threat of retaliation in the background rather than specific measures of retaliation actually in effect. A threat could appear to menace several different points and thus would give concern to a number of U.S. interests. Actual retaliation would have specific and more limited effect. The result was a resolution that took note of the complaints; recognized that the concessions granted by the United States had been nullified or impaired within the meaning of Article XXIII and that the restrictions were an infringement of Article XI; noted that the U.S. governments was taking action for repeal; and counselled governments, without prejudice to their rights, to give the United States a reasonable period to rectify the situation.

Copies of the resolution had been circulated.

(I.C.E.T.P. Document No. 99)†

[27] Voir le document 819./See Document 819.
[28] Voir le document 887./See Document 887.

2. *The Committee*, after discussion, noted the report concerning the meeting of the contracting parties to the General Agreement on Tariffs and Trade and matters under discussion there.

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SECTION C

LA CONFÉRENCE DE BRUXELLES SUR LES MIGRATIONS, 26 NOVEMBRE-4 DÉCEMBRE 1951
BRUSSELS CONFERENCE ON MIGRATION, NOVEMBER 26-DECEMBER 4, 1951

344.

PCO

Note du chef du Comité interministériel sur l'Immigration pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on Immigration, to Cabinet

CABINET DOCUMENT NO. 306-51 Ottawa, November 21, 1951

SECRET

BRUSSELS CONFERENCE ON MIGRATION; INSTRUCTIONS TO THE CANADIAN DELEGATION[29]

1. The International Refugee Organization is expected to wind up its operations on December 31, 1951. Unless arrangements are made to the contrary, the twelve converted ships which have been used by IRO for the transport of migrants will be returned to their owners and will likely be lost for international migration purposes. The United States State Department has circulated a draft plan for an interim operating agency to facilitate the migration of surplus populations from countries of Western Europe and Greece to countries affording re-settlement opportunities overseas. The Belgium government has issued invitations to interested countries to attend a conference in Brussels, commencing on November 26, at which the United States plan will be discussed.[30]

2. The main purpose of the United States plan, which is intended to be on an ad hoc basis and renewable from year to year, is to provide a means whereby available IRO facilities, particularly the ships, can continue to be used for moving emigrants from Europe. The proposed facilities include location, selection, documentation, movement, reception, transportation and medical assistance services for migrants, including new arrivals from Eastern Europe. However, these proposed ancillary

[29] Pour les événements précédents, voir le document 277./For earlier developments, see Document 277.

[30] Le chef de la délégation était C.E.S. Smith, le directeur de l'Immigration.
The Canadian delegation was led by C.E.S. Smith, Director of Immigration.

facilities, over and above transportation, will be subject to negotiation and agreement at the Brussels conference. The potential movement objective for one year of operations is assumed to be approximately 115,000 migrants and refugees with origins and destinations tentatively established as follows:

FROM		TO	
Germany	55,000	Canada	40,000
Italy and Trieste	35,000	United States	25,000
Austria	15,000	Australia	25,000
Netherlands	6,000	Latin America	23,000
Greece, Portugal	4,000	New Zealand	2,000
Total	115,000	Total	115,000

3. It is estimated that the movement of approximately 115,000 migrants and refugees during a year of operations, following generally the distribution given above, could be accomplished at an over-all cost of approximately $34 million. A general break-down of this overall budget envisaged by the plan shows:

Administration		$ 3,060,300
Operations		
Shipping	$19,765,000	
Processing, etc.	11,118,700	30,883,700
Total		$ 33,944,000

The United States had a $10 million congressional appropriation to get the plan under way, over and above the contributions they would make to the Organization as reimbursements for actual services rendered in the movement of the U.S. quota of 25,000 migrants for the first year's operations. Out of this $10 million, the United States propose to contribute $1 million towards administration costs and $9 million towards a proposed Operating Fund of from $12 to $14 million. Other participating countries would contribute towards the Administrative Budget and the Operating Fund on a basis to be negotiated at Brussels. The Operating Fund would finance operations pending reimbursement by member governments for services rendered, and also provide subsidies to special migration projects and to the movement of refugees from iron-curtain countries.

4. The Interdepartmental Advisory Committee on Immigration, after considering the various implications of the plan, felt that the scheme generally would be of benefit to Canada since it would allow the continuance in operation for European migration purposes of the twelve ships now operated by IRO and would further permit good use to be made of the $10 million appropriation which has been specifically earmarked by Congress for migration scheme on an international basis. On the other hand, the Committee felt that the proposal put forward by the U.S. State Department was perhaps conceived on too elaborate a scale and that in its present form it provided for ancillary services which would duplicate existing Canadian services.

5. In view of the above and keeping in mind present and prospective Canadian immigration requirements, the Interdepartmental Committee recommends:

(a) that Canada participate in the forthcoming Brussels Conference on Immigration;

(b) that the Canadian delegation make it clear that, in any circumstances and regardless of the nature of the organization, Canada will retain complete control in respect of selection standards and numbers of immigrants;

(c) that Canada would probably wish to use only the embarkation and shipping facilities of the organization and that Canada would not be prepared to have included in the project additional services and facilities unless there is clear evidence that such services are essential to the success of a practical scheme;

(d) that the delegation make every effort to obtain a substantial reduction in the administrative budget by the adoption of more economical policies, particularly in respect of personnel and salaries — (the delegation should aim at a reduction of 50% or more);

(e) that the delegation should urge that, in assessing the administrative budget of the organization, full account be taken of the contributions member governments are already making toward the solution of the European migration problem;

(f) that Canada should be prepared to make an advance contribution to the Operating Fund in order to help get the plan under way. This advance payment would be drawn upon as required to pay on a cost basis for services rendered by the organization to Canada, on the understanding that the Canadian government would recover all or part of such expenditures from the immigrants after landing. In addition, Canada should agree to make a reasonable non-recoverable contribution to the Operating Fund for practical measures to facilitate the emigration of refugees from Eastern Europe, provided that other countries make a proportionate contribution; and

(g) that the delegation be authorized to commit Canada in principle to joining the proposed organization, provided that the principles set above were met.

6. The Committee wish to point out, with reference to the recommendations outlined above, that the refugee problem, which is included in the proposed scheme, is one that can hardly be treated in the same manner as the normal Western European immigration movements that are to be carried out under the plan. Insofar as the movement of nationals from Western European countries is concerned, the new scheme will, in essence, be an extension on an international plane of the revolving fund principle now in operation in Canada on a national basis. It should therefore be possible to recover from the immigrants, once they have landed in Canada, a good portion if not all of the monies expended on their behalf out of Canada's contribution to the international Operating Fund. In respect of refugees, the amounts recoverable will be substantially smaller and in many cases recovery may be impossible. It is for this reason that, in paragraph (f) above, it is suggested that a special Canadian contribution to the Operating Fund should be earmarked for the movement of refugees. The exact amount of this special refugee credit should be determined in advance to ensure that Canada is not committed to a liability disproportionately greater than that which other countries are willing to assume on this score. The Committee suggests, for the delegation's guidance, that Canada's initial recoverable contribution to the Fund might be $500,000 subject to review and

renewal when exhausted. It should be made clear, however, that the Canadian contribution to the Fund in respect of refugees for one year's operations should not be more than is required to move a pre-determined percentage of Canada's total quota which has tentatively been fixed at 40,000. Based on this year's total intake of immigrants, including refugees, into Canada, an acceptable percentage might be 8, 10 or 12% depending on what other receiving countries are prepared to do in this respect.

7. The Committee also felt that the present draft of the U.S. plan stressed unduly the fact that the scheme was designed to relief the "surplus population" problem in Western European countries. The Canadian delegation to the Brussels conference might usefully be instructed to underplay the "surplus population" theme and to suggest that the U.S. proposal is primarily designed to salvage IRO shipping facilities for the purpose of continuing and concluding, on an ad hoc and somewhat expanded basis, the resettlement job necessitated by the last war. An international migration scheme based on premises of this character would be much more acceptable to Canada and, no doubt, to many other participating countries.

8. The Committee recommends that instructions based on the above recommendations, if approved, be forwarded immediately to the Canadian delegation to the Brussels conference on migration.[31]

LAVAL FORTIER

345. DEA/74-V-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 170 Brussels, December 1, 1951

CONFIDENTIAL. IMMEDIATE.

Repeat Candel Paris No. 98; London No. 2152.
Reference: My telegram No. 168 of November 27th.†

MIGRATION CONFERENCE

Following from Smith, Begins.

1. Following general debate in which most speakers approved the main features of the United States proposal it was agreed (largely due to Canadian insistence in private conversations with Warren) that resolution agreeing to constitute the Migration Committee would only be considered after some detailed discussion.

2. Subsequently a committee on shipping was set up in which Canada took the lead in urging that commercial shipping is insufficient to handle our requirements.

[31] Approuvé par le Cabinet, le 22 novembre 1951./Approved by Cabinet, November 22, 1951.

Committee will, therefore, report to Conference that ships additional to commercial ships are required.

3. Conference has had general debate on administrative budget and Canada, Italy, Germany, Australia, Netherlands and Greece called for substantial reductions. Emigration countries said embarkation staff and processing staff will be unnecessary. Canada took the lead in insisting on number of international staff and salary levels be reduced. Subcommittee consisting of the United States, Italy, Germany and Canada was appointed to revise estimates appearing in appendice B1 to United States proposal.

4. In the revised administrative budget approved by the sub-committee, provisions for embarkation and processing staff have been deleted and as a result the number of liaison officers increased. Number of international staff has been reduced from 154 to 114 and costs, including reserves, reduced from 1,509,400 to 866,400. Local staff has been reduced from 186 to 178, though total cost increased slightly. Reductions result in total of 2,459,060 instead of 3,060,300.

5. Warren was not, repeat not, helpful in obtaining reductions, although he invoked as argument only generalizations about necessity of having adequate competent staff to do the job. Although he eventually agreed to revised figures it was apparent that despite effort of other members of subcommittee further reductions could not, repeat not, be obtained.

6. Revised administrative budget was approved unanimously by the conference without vote, subject to the subsequent approval by Migration Committee when established, and on clear understanding that governments are not, repeat not, in any way committed by this conference decision.

7. Governments expected to participate in the organization are now attempting to devise basis for contributions to administrative budget. When agreement is reached on this matter, resolution referred to in paragraph 8 of my telegram No. 168 will be submitted to conference. It is possible the resolution will be put to vote at meeting today, December 1st.

8. Canada and Australia have proposed to the United States amendments to resolution deleting references to surplus population. It is also understood United States will agree to include in resolution a statement that any country voting for resolution does so subject to later confirmation by government of that country after constitutional processes have been completed.

9. As detailed discussion at recent meetings has enabled Canadian delegation to make clear points set out in paragraph (b) and (c) of our instructions (your telegram No. 148 of November 23rd)† and as we have made efforts requested in paragraph (d), although with less success than we had hoped for, I believe, I am now, justified under paragraph (g) in voting for resolution, provided that preliminary decisions with regard to assessments for administering budget are satisfactory.

10. Please provide Immigration with copy of this telegram.

346. DEA/74-V-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique

Secretary of State for External Affairs to Ambassador in Belgium

TELEGRAM 157 Ottawa, December 1, 1951

CONFIDENTIAL. IMMEDIATE.

Repeat Washington EX-2312.
Following for the Head of the Canadian Delegation to the Brussels Migration Conference, Begins: Reference your No. 170 of December 1.

1. We believe that a vote on Monday on the resolution would be premature. The Canadian Delegation should seek a deferment on such a vote until there has been adequate opportunity for a full discussion. Please inform U.S. and other friendly delegations that if resolution is put to a vote on Monday, you will have to abstain but that if vote is postponed to Wednesday or Thursday and action is taken by conference along lines set out in paragraphs 3 and 4 below, you expect to be able to vote in favour of the resolution.

2. We shall submit matter to Cabinet on Tuesday. Please send us Monday night latest information available.

3. In particular we wish to emphasize the following points: We wish to confirm our message No. 155 of November 30th.† We believe very strongly that it is essential that at least the main principles and some of the more important details should be agreed to by the Conference before the Provisional Committee is set up.

4. Agreement on the following is required:

(a) Canada will retain complete control in respect of selection, standards and number of immigrants.

(b) A further reduction in the administrative budget. While the revised budget is a step in the right direction it does not go far enough. For example the salaries of the international staff still average over seven thousand [dollars] and seem unduly high. Moreover there has been no reduction in administrative costs and motor transport to parallel the reduction in the number of international staff.

(c) That the Canadian contribution to the Operating Fund should be considered as advance payment for services to be rendered to Canada except for that portion agreed to by Canada which is to be used for the movement of Eastern European Refugees.

(d) Assessments to the administrative budget. We note that preliminary discussions on the basis for contributions have been held. We hope that Canadian assessment will take into consideration para. 2(e) of your instructions.

5. We are asking our Embassy in Washington to take up with the State Department urgently, and on a high level, the question of further substantial reductions in the administrative budget. The refusal of Warren to agree to cut off more than 20

per cent seems to us to indicate that the U.S. is not willing to resist efforts by the I.R.O. officials to load the Organization with [illegible] cost I.R.O. deadwood. We are also asking our Missions in Italy, Germany, Australia, the Netherlands, United Kingdom and Greece, to enlist the sympathetic support of their Governments in our further efforts in this direction. This is a further reason why the vote should be postponed; therefore you may wish to take up these points with these delegations at Brussels.

347. DEA/74-V-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 171 Brussels, December 2, 1951

CONFIDENTIAL. IMMEDIATE.

Repeat Candel Paris No. 103; London No. 2158.
Reference: Your telegrams No. 157 of December 1st.
Following from Head of Delegation, Migration Conference.

1. Your paragraph 1 and paragraph 2. It would be embarrassing for the Canadian delegation to seek deferment of the vote on the resolution. Discussion of the resolution will begin Monday, December 3rd, and it is possible that the discussion will be completed by Monday evening, although submission of numerous amendments may delay completion of discussion until Tuesday. We shall wire latest information Monday evening but sincerely hope permission may be granted to vote for the resolution without awaiting Cabinet meeting in view of the information below.

2. Your paragraph 4(a). It has repeatedly been made clear that each country will retain complete control of selection standards and the numbers of immigrants.

3. Your paragraph 4(b). We agree that the administrative budget has not been sufficiently reduced but it has been made clear that the total of 2,459,060 is merely a ceiling sufficiently high to ensure competent administration. Once the resolution has been approved those countries voting for the resolution will meet and examine the budget in detail. At that time each post, each salary and every other item will have to be justified before acceptance. It is hoped that Pollock will be able to attend those meetings and we are getting in touch with him. Other responsible delegations share our views that budget has not yet been sufficiently reduced but they have agreed that discussion in further details will be more effective when only interested countries participate, i.e., after resolution is voted and general conference is formally ended.

4. Average salary for international staff is now 5,600, not, repeat not, over 7,000 as you suggest. You have included staff reserves, the amount for which has been reduced from 400,000 to 228,000, i.e., from 2,597 per person to 2,000 per person. Administrative costs for headquarters have been reduced from 590,000 to 360,000

and conference costs from 100,000 to 90,000. Administrative costs for liaison offices increased from 175,000 to 350,000 to take account of additional duties in view of deletion of processing and embarkation of staff but it was emphasized that this figure would be examined very carefully before Provisional Committee adopts budget. Contingency reserve increased from 150,000 to 250,000 pending later study.

5. Your paragraph 4(c). This has been agreed to.

6. Your paragraph 4(d). It has been agreed provisionally that the administrative budget should be allocated as follows:

Three ninths to the United States;

Two ninths to emigration countries;

Two ninths to immigration countries;

Two ninths to interested countries such as France, Belgium and Switzerland.

Allocation to countries within these groups will not be made until those countries voting for the resolution meet following the close of the General Conference and again I hope Pollock will be able to take part in the meetings when allocations are discussed further.

7. As other countries are now prepared to deal with the resolution; as principles outlined November 26th, paragraph 4, have been met in the manner described above; as it has been made abundantly clear that countries voting for the resolution will then have an opportunity to examine the whole project and budget in further detail and make appropriate revisions; as Canadian delegation might not, repeat not, be able to participate in the subsequent meetings and would certainly not be able to vote in such meetings if we abstained on the resolution; as Canada would benefit from the use of shipping services under the new organization; and as it does not appear possible, after consultation with other delegations to prolong the formal conference after the discussion on the resolution to begin Monday, it is hoped further instructions may be forwarded by immediate telegram authorizing me to vote in favour.

8. With regard to the text of the resolution, amendment suggested in paragraph 7 of your telegram No. 155 of November 30th† would not, repeat not, be appropriate as there will be no Final Act of Conference apart from the resolution. In my view, words "in principle" included in your amendment are covered by an additional paragraph 3 of the operative part which reads "in accordance with the required governmental processes."

348. DEA/74-V-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 174 Brussels, December 3, 1951

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 171 of December 2 and No. 173 of December 3rd.†

MIGRATION CONFERENCE

Following from Head of Delegation, Migration Conference, Begins: Due to atmospheric conditions telephone calls not possible.

2. Because our private request that some delay be afforded it was agreed to set up drafting group to consider the resolution. Drafting group consisting of the United States, United Kingdom, France, Italy, Germany, the Netherlands, Brazil and Canada met all afternoon of December 3 and will meet Tuesday morning, December 4. If the drafting group completes work in morning and its report considered satisfactory, resolution will be put to vote in afternoon.

3. We are attempting to have resolution amended to include terms of reference for new organization and general principles under which it will operate. We shall try to include all points contained in our instructions. We are also trying to have paragraph 3 of the operative part changed to read "that membership in the committee shall be open to governments with a demonstrated interest in principles of the free movement of persons and which undertake, subject to approval by proper constitutional authorities, to make a financial contribution to the Committee, the amount of which will be agreed to by governments concerned." These amendments have not, repeat not, yet been reached by drafting group.

4. Thirteen countries are apparently prepared to vote for the resolution now and will then constitute provisional committee to review proposed operations, budget and allocations in detail. Our fear is that if we abstain on resolution we will not, repeat not, be able to take part in subsequent discussions. We would, therefore, appreciate further instructions to reach us by Tuesday afternoon, Brussels time. Ends.

349. DEA/74-V-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-4134 Washington, December 4, 1951

CONFIDENTIAL. MOST IMMEDIATE.

Reference: Your telegram No. 2314 of December 2.†

BRUSSELS MIGRATION CONFERENCE

Matthews and LePan saw Hickerson at the State Department this morning to urge that the United States delegation at the Brussels Conference be instructed to agree to a further substantial reduction in the proposed administrative budget.

2. Matthews pointed out that, since it was possible that the organization which was now being planned would continue in existence for some years, it was important that it should be on sound and modest lines. Once the organization had been created, it would be difficult almost to the point of impossibility to pare its administrative budget. In spite of the reductions which had been agreed to in Brussels, the proposed administrative budget still seemed to officials in Ottawa to be greatly overinflated. The number of officials which it was proposed to employ and the scale of salaries which they were to receive both seemed too lavish. Moreover, it would seem that reductions in administrative costs could be made to parallel the reduction in the number of international staff. The Canadian authorities also questioned the need for expensive liaison missions in receiving countries. There would seem to be no necessity for such a mission in Canada, for example. Unless the proposed administrative budget could be further reduced, the Canadian Government might not be able to participate in the proposed scheme.

3. Hickerson said that he would despatch a message to Warren at once bringing these views to his attention. He also said that they would be considered without delay in the State Department. It was apparent that some of the possible ways of saving money which were suggested in your telegram No. 2312† of the 2nd of December had not hitherto been carefully examined by the United States officials who have been dealing with this matter.

4. Hickerson made no promise that instructions would be issued to Warren to accept a further reduction in the administrative budget. But he was very sympathetic to the points we made and whatever message he sends to Warren is likely to assist in the softening-up process.

350. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 313-51 Ottawa, December 4, 1951

SECRET

BRUSSELS CONFERENCE ON MIGRATION; INSTRUCTIONS TO THE CANADIAN DELEGATION

The information from Brussels reveals that the Brussels Conference on Migration has reached the following stage.

1. A general debate took place in which the main principles of the proposed organization were discussed. In the course of these discussions agreement was reached on the following:

(1) Each immigration country will retain complete control of selection standards and the numbers of immigrants.

(2) The contribution made by Canada to the Operating Fund would be drawn upon as required to pay on a cost basis for services rendered by the organization to Canada. The question of a non-recoverable contribution to the Operating Fund for practical measures to facilitate the emigration of Eastern European refugees will be considered at a later date once the organization is established.

(3) Largely at Canadian insistence, the Conference agreed to a reduction in the administrative budget of not less than a half million dollars. As compared to the proposed administrative budget of three million, the Conference has now agreed that the administrative budget should not exceed 2.5 million.

(4) The administrative budget will be allocated as follows:

3/9 to the United States
2/9 to emigration countries
2/9 to immigration countries
2/9 to other interested countries.

Allocations to countries within these groups will not be made until the organization is set up.

(5) The Conference decided that the organization will not provide selection or embarkation facilities.

2. A resolution has now been put before the Conference which, if adopted, will establish an organization to be called "Provisional Committee for the Movement of European Migrants". The Provisional Committee will deal with the plan of operations, the budget, and the terms and conditions under which available funds will be spent. Membership in the Committee will be drawn from countries voting for the resolution, and will be open to countries which undertake to make an agreed financial contribution to the Committee. It is the understanding of our Delegation that

only countries voting for the resolution will have an opportunity to examine the whole project and budget in further detail and make appropriate revisions.

3. When the Cabinet last considered this matter on November 21st, 1951, the Delegation was authorized to commit Canada in principle to joining the proposed organization provided that certain principles were met. These principles have now been met, with the exception of:

(1) The administrative budget has not been sufficiently curtailed (the agreed cut is between 15% and 20% of the proposed budget. The Canadian Delegation was pressing for a 50% cut).

(2) Assessments on individual countries have not yet been established.

(3) Contributions to the Operating Fund to facilitate the emigration of refugees from Eastern Europe have not been determined.

It is understood that these matters will be considered in detail by the Provisional Committee and that final decisions will be subject to agreement by the individual countries concerned.

4. It is recommended that the Delegation be authorized to support the resolution establishing the Provisional Committee subject to the clear understanding that the Delegation will continue to press strongly for further reductions in the administrative budget, and that any assessment on Canada will be subject to approval by the Canadian Government.[32]

W.E. HARRIS

DEA/74-V-40

351.

Le secrétaire de la délégation permanente auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Secretary, Permanent Delegation to European Office of United Nations, to Secretary of State for External Affairs

DESPATCH 7 Brussels, December 10, 1951

CONFIDENTIAL

BRUSSELS MIGRATION CONFERENCE

The Migration Conference opened in Brussels on November 26 and ended on December 4. The following countries were represented:

Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Columbia, Denmark, France, Germany, Greece, Guatemala, Israel, Italy, Luxembourg, Netherlands, Norway, Peru, Sweden, Switzerland, Turkey, the United Kingdom, the United States and Venezuela.

[32] Approuvé par le Cabinet, le 4 décembre 1951./Approved by Cabinet, December 4, 1951.

The representatives of Argentina, Denmark, Guatemala, Israel, Norway, Peru and Sweden attended in the capacity of observers. Official observers were also present from the Holy See, the Council of Europe, the Organization for European Economic Cooperation, the International Confederation of Free Trade Union, the United Nations, the International Labour Office, the Office of the High Commissioner for Refugees, the International Refugee Organization, the International Social Services, the International Confederation of Christian Trade Unions and the Standing Conference of Voluntary Agencies.

2. Mr. C.E.S. Smith, Director of Immigration, Department of Citizenship and Immigration, was Head of the Canadian Delegation and will no doubt report directly to his own Department on the accomplishments of the Brussels Conference. I am therefore reporting only as the representative of the Department of External Affairs on the Canadian Delegation and Mr. Smith has not had an opportunity to see this despatch.

3. Mr. P.W. Bird, Chief of the Canadian Government Immigration Mission in Germany and Austria, and Mr. R. Lamarre, Senior Labour Representative at the Canadian Government Immigration Mission in Germany, were members of the Canadian Delegation and were present throughout the conference. Mr. S. Pollock, International Economic Relations Division of the Department of Finance, spent one day with the delegation prior to the opening of the Conference and returned for a day and a half later when financial items were discussed.

4. The final action of the Migration Conference was to adopt a resolution establishing a Provisional Inter-governmental Committee for the Movement of Migrants from Europe. Those countries which voted for the resolution, and thus agreed in principle to become members of the Committee, met from December 5th to 8th in the first session of the Committee.

5. The United Kingdom abstained when the resolution to establish the Committee was put to the vote because the United Kingdom Government has not yet decided to participate in the Committee's work. However, as an indication of the interest which the United Kingdom is showing in this project, the delegation of that country attended the first session of the Committee and took an active part in discussions, although they abstained when votes were taken.

6. Although Austria voted for the resolution establishing the Committee and stated that they are anxious to participate in the Committee's work, the delegation of that country was unable to be present at the first session. Turkey also voted for the resolution and is expected to be a member, but was not represented at the first session.

7. The countries represented at the first session of the Committee were the following:

Australia, Belgium, Bolivia, Brazil, Canada, Chile, France, Germany, Greece, Italy, Luxembourg, Netherlands, Switzerland, the United Kingdom and the United States.

8. Mr. Franz Leemans, Head of the Belgian Delegation, was unanimously elected chairman of the Conference and subsequently of the Committee. As the work of the Conference and of the Committee were closely linked, I shall not report separately

on each, and this report will outline the decisions both of the Conference and of the Migration Committee.

Establishment of Provisional Committee:

9. Among the documents circulated prior to the Conference was included a draft resolution to establish a Provisional Committee for the Movement of Migrants from Europe. According to the original text of this draft resolution, the governments adopting the resolution would agree "to constitute a Provisional Committee for the Movement of European Migrants". The original text also provided "that membership in the Committee shall be open to governments with a demonstrated interest in the principle of the free movement of persons and which undertake to make an agreed financial contribution to the Committee."

10. The United States Delegation had intended that the Conference would begin with a general discussion to be followed immediately by a vote on the draft resolution. This procedure was not satisfactory to the Canadian Delegation and we insisted that further detailed discussion would be necessary before we could express an opinion with respect to the resolution. As a result of our efforts, it was agreed that financial problems and shipping questions should be given further attention by the Conference before calling for a vote on the resolution. Appropriate sub-committees were therefore established for this purpose.

11. When the sub-committees had completed their work, we were still not satisfied that the Conference had decided in sufficient detail the nature, scope, and methods of financing of the proposed new organization. To take account of our representations, therefore, it was agreed that a drafting sub-committee should be set up to examine carefully the text of the draft resolution.

12. In the drafting sub-committee the Canadian Delegation took the initiative in insisting that the purpose of the new organization should be clearly set out in the resolution; that the principles to guide its activities should also be clearly stated; that there should be an unequivocal statement that any undertaking to make a financial contribution would be subject to approval by the government concerned; and that the emphasis on relieving problems of "surplus population" in certain European countries should be removed.

13. Details concerning the text of the resolution as it finally emerged from the drafting sub-committee were reported in my letter No. 5 of December 8,† and I am satisfied that the final text of the resolution is a substantial improvement over earlier drafts. Attached as Annexe 1† to this despatch is a copy of the resolution which was approved by a vote of sixteen in favour (including Canada), none against and one abstention (United Kingdom).

Rules of Procedure:

14. I am attaching, as Annex 2† of this despatch, the Rules of Procedure for the Committee which were adopted by a resolution of the final meeting of the Committee.

Shipping:

15. A working party of experts on shipping met throughout the Conference and agreed that a technical inter-governmental sub-committee for the coordination of transport should be established by the Migration Committee. At meetings of the working party the Canadian Delegation was almost the only delegation able to produce statistical evidence to show that shipping services are required beyond those available through commercial services.

Financial Regulations:

16. I am attaching as Annex 3† to this despatch the Financial Regulations which were adopted by a resolution of the Committee at its final meeting.

Budget and Plan of Expenditure:

17. The original estimates for the administrative part of the budget for the Migration Committee amounted to $3,060,300. Largely as a result of the efforts of the Canadian Delegation during a preliminary review of the budget during the Conference, this total was reduced to $2,459,060. During subsequent examination of budget estimates by the Committee, the Canadian Delegation was almost alone in pressing for further reductions. Our proposals were resisted by Mr. Warren, Head of the United States Delegation, who maintained that it would not be safe to reduce the estimates further pending detailed submissions by the Director at the next session of the Committee when reliable figures concerning staff, office requirements, and other details could be presented.

18. As reported in our telegram No. 181 of December 8th,† we were successful in private conversations with members of the United States Delegation in obtaining a further reduction of $100,000 in the estimates, the cuts to be distributed among various portions of the budget as the Director may see fit. It was also agreed that the contingency reserve fund of $250,000. should be frozen until such time as the Committee may decide that the release of a part or all of this fund can be justified. The final estimates for the administrative part of the budget, therefore, amount to $2,359,060, of which $250,000 is for the time being frozen.

19. The possible contributions of member countries to the operating part of the budget were not discussed during the Brussels meetings except for a statement by the United States representative that the balance of their $10,000,000 appropriation will go to the operating fund after deduction of the United States share of administrative expenses. Contributions of other countries to the operating fund will be arranged in the near future by negotiation between the Director and the governments concerned.

20. I am attaching as Annexes 4†and 5† to this despatch the approved budget estimates for one year of operations and the proposed plan of expenditure for the same period. Appendix C attached to the Plan of Expenditure was slightly revised prior to its adoption to provide for details concerning estimated movements to individual Latin American countries, but unfortunately this amendment has not yet been circulated.

21. With respect to the contingency reserve fund in the administrative part of the budget, it is clearly stated in the resolution adopting the plan of expenditure "that

the contingency reserve ... shall remain intact until such time as the Committee approves its use on the basis of a submission to be made by the Director, and subject to the further provision that, pending such approval, the proportion of the contingency reserve contributed by each member government shall remain at the disposal of that government until otherwise decided by the Committee."

Allocations:

22. I am attaching as Annex 6† to this despatch the scale of percentage contributions to the administrative part of the budget recommended by the Committee subject to approval by each of the governments concerned. Our telegram No. 182 of December 9th† explained the basis on which agreement was reached with respect to allocations, and unfortunately your telegram No. 164 of December 8th† on the same subject was not received in Brussels until the day following the conclusion of the Committee session. It is hoped, however, that you will agree that a percentage contribution of 8.4% for Canada is the best result that could be achieved at this Conference.

23. The Canadian Delegation fought vigorously for a percentage allocation lower than that of France, the United Kingdom, Germany and Italy, and we advanced all possible arguments to justify our position. The chief opposition came from those countries who consider themselves "sympathizers" and maintain that their interest in the Migration Committee is largely of a humanitarian nature. As they will not benefit directly from the migration movements to be effected by the Committee, their governments are reluctant to contribute large amounts to meet administrative expenses and they are anxious to make their contributions to the operating part of the budget larger by reducing their contributions to the administrative part. Opposition to our proposals came chiefly from the French delegate who also argued that in the group of "other interested" countries, France and the United Kingdom are allocated the largest percentage; but as the United Kingdom Government has not yet committed itself in principle to participate in the work of the organization, France is fearful lest its share will eventually have to be increased if the United Kingdom should not participate.

24. It was only with reluctance that France agreed to the compromise proposal of the United States that the highest contributor in any group of countries, excluding the United States, should not pay more than the highest contributor in any other group. By accepting this principle the Canadian contribution was reduced from 10% to 8.4% and the contributions of France and the United Kingdom were increased from 7.7% to 8.4%.

25. The Canadian Delegation agreed to the final scale of contributions as the best solution which could be reached at the present time, but we made it very clear that we had no authority to accept 8.4% and that the most we could do would be to recommend this percentage to the Canadian Government. It is understood that the percentage contributions listed in Annex 6 are to serve as a basis for negotiations by the Director with each of the governments concerned.

Appointment of Director:

26. This item on the agenda of the Migration Committee caused a great deal of difficulty because of political pressures originating in the United States. Mr. Warren, Head of the United States Delegation, had always assumed that Mr. Donald Kingsley, Director-General of I.R.O., would be the most suitable person to serve as Director of the new Migration Committee. It is understood that Kingsley would welcome this appointment for he had only reluctantly accepted the position of Agent General for Korean Relief and is known to be frustrated in the performance of his duties with UNKRA.

27. Some time before the United States Delegation left for Brussels, unfavourable stories about Kingsley began circulating in Washington and eventually it was decided that an organized "smear" campaign was being conducted in order to discredit Kingsley. This campaign is said to have been traced back to the political group in the United States headed by Senator MacCarran. At first it was thought that MacCarran had personal reasons for disliking Kingsley, and as MacCarran is Chairman of the Senate sub-committee which deals with certain appropriations (including appropriations for migration activities) it was realized that there would be small hope of obtaining any further appropriations for the new migration organization if Kingsley were appointed Director contrary to MacCarran's wishes. The situation changed hour by hour, but the latest rumours indicate that MacCarran himself is not strongly against Kingsley but has been influenced by other members of his political group who have been responsible for the anti-Kingsley campaign.

28. At the beginning of the Conference, the name of Mr. E.M. O'Connor, Commissioner, United States Displaced Persons Commission, was suggested as a rival candidate for the position of Director. O'Connor carried on a vigorous one-man campaign in Brussels with the support of the MacCarran group in the United States. As O'Connor was a member of the United States Delegation, Mr. Warren found himself seriously embarrassed. However, as O'Connor did not create a good impression his name was eventually eliminated from the list of possible candidates.

29. However, anti-Kingsley feeling had reached such a pitch in the United States that Mr. Warren was not able to obtain authority to support Kingsley's candidature, and eventually he was instructed to propose the name of General Gross, an American on military duty in Germany. A compromise candidate might have had some chance of success, but representatives of European countries were strongly against the appointment of an army man to head the new organization.

30. When the Committee reached this item on its agenda, a private meeting of heads of delegations took place which lasted until far into the night. Mr. Warren was in contact by telephone with Washington almost hourly and in the end he is said to have refused to nominate Gross in the face of strong European opposition.

31. As it was not possible to reach agreement, a compromise was finally worked out behind the scenes whereby Mr. Leemans, Chairman of the Committee, and Mr. Warren, agreed to serve as co-directors of the new organization until such time as a successor can be elected. A resolution embodying this compromise was adopted unanimously. It is understood that Mr. Warren, who has already returned to the

United States, will seek approval for the appointment of Kingsley as Director at the next session of the Committee.

Headquarters:

32. The question of where the headquarters of the new organization should be established also involved lengthy discussion. Italy supported strongly the establishment of headquarters in Paris and the French Delegation supported this proposal. Most other delegations thought that it would be more practical to establish headquarters in Geneva where assets of I.R.O. could be taken over without unnecessary expense and without loss of time; and it was also suggested that Geneva was a more appropriate conference centre. Eventually a resolution was unanimously adopted providing that Geneva should be the site of the "provisional" headquarters until such time as the Committee is able to reach a definite decision in the light of a report to be submitted by the Director.

Next Session of the Committee:

33. It has been agreed that the second session of the Migration Committee will be convened in Geneva at the call of the chairman in approximately two months' time. If the chairman deems it necessary, he may convene the Committee at an earlier date.

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34. Generally speaking, the Conference and the Committee worked conscientiously and showed an obvious desire to achieve satisfactory results. Nerves became somewhat frayed towards the end because regular night meetings meant that everyone was suffering from fatigue.

35. Among all delegations there was sincere admiration for the manner in which Mr. Warren guided the meetings and cooperated with delegations in order to solve their special problems. However, there is no doubt that Mr. Warren assumed far more responsibility than any normal man could reasonably be expected to bear, for the whole procedure of the Conference and leadership in each discussion became the responsibility of Mr. Warren. It was because of this situation that the procedure was not always satisfactory and there was no clear plan for the conduct of our meetings.

36. Despite the vague method of procedure and dependence on one man for guidance, it was the feeling of our Delegation that the results of the Brussels meetings were, on the whole, satisfactory. The functions of the new Committee are clearly limited, the principles to guide its operations have been satisfactorily established, and there is an assured membership of a sufficient number of responsible countries to enable the Committee to function. Details concerning Canadian financial contributions and the movement of migrants to Canada will, of course, need to be negotiated with care; but as these are technical problems involving for the most part other Departments of Government, it does not appear necessary for me to comment on these matters in this report.

37. There has not been sufficient time to provide a more detailed analysis of the problems which arose during the Brussels meetings. However, it is hoped that this

summary may be of some interest and I shall be glad to furnish additional particulars on any point which you may wish to have clarified.

38. I regret that it has not been possible to obtain additional copies of the enclosed documents as the distribution office closed immediately after the Committee ended its session.

N.F.H. BERLIS

CHAPITRE V/CHAPTER V
ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

PREMIÈRE PARTIE/PART 1

POLITIQUE DE DÉFENSE ET D'AIDE MUTUELLE
DEFENCE AND MUTUAL AID POLICY

352. DEA/50030-L-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 34 Ottawa, January 5, 1951

SECRET

Repeat Washington EX-35.

CANADIAN MUTUAL AID EQUIPMENT

1. National Defence are now prepared to release the armament and ancillary equipment for a second division. Could you ask the Deputies, as you did before in the case of the first division, for a recommendation as to which country or countries should receive it.

2. Arrangements for replacement from the United States of the first division's equipment are progressing satisfactorily and should no unforeseen difficulties arise, the offer to NATO of a second division's equipment may be regarded as firm.

3. National Defence will be making available to A/V/M Campbell in Washington a detailed list of the equipment offered, for the information of the accredited representatives of member countries interested in the offer.

353. DEA/50030-L-40

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

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

SECRET Ottawa, January 12, 1951

NORTH ATLANTIC TREATY ORGANIZATION AND MUTUAL AID PROCEDURES

I am, as you suggested, sending copies of your memorandum of January 11th† to Mr. Wilgress, Mr. Wrong, and Mr. Pierce.

2. We had already begun to follow up the Prime Minister's suggestion that mutual aid should be allocated by NATO on the basis of a recommendation by the Supreme Commander, so that both Mr. Wilgress and Mr. Wrong will already be familiar with the problem. In my telegram No. 35 of January 5th† to Mr. Wilgress, I told him of the Prime Minister's proposal and said that the Prime Minister might wish to discuss these matters with him while he was in London. We also asked Mr. Wilgress for his views as to how the Prime Minister's suggestion could be worked out in practice. These we have not yet received, as Mr. Wilgress has replied that he first wished to discuss the whole problem with Mr. Robertson. We shall probably receive Mr. Wilgress' comments in a few days and, in the meantime, he will have your memorandum.

3. As you say, there are three types of mutual aid, each of which requires a somewhat different procedure for handling it. The procedure will also vary with the quantity and strategic importance of the offer.

4. In the case of existing equipment, our practice has been to make our offer in one of two ways. If we are offering something of considerable strategic importance, such as the equipment for one division, our offer is made formally in the Deputies by Mr. Wilgress, and the Deputies thereupon request the Standing Group to make a recommendation as to which country or countries should receive the equipment. The Standing Group recommendation is then passed back to the Deputies who forward it with their approval for the consideration of the Canadian Government. This is the way in which our offers of equipment of divisional scale have been handled. With smaller lots of equipment from stocks or from production, (i.e., where strategic considerations are not directly involved), we have simply used the Military Production and Supply Board, or its Permanent Working Staff. Our Representative, Mr. Gill, has tabled with the Board, for example, our offer of 300 radar sets. If the MPSB think they require a Standing Group recommendation, they pass it to the Standing Group, but in most cases of this type, the recommendation as to allocation is made by the MPSB to the Government concerned, either directly or through the Deputies. Now that the MPSB has gone out of existence, these functions will, of course, be performed by the new Defence Production Board.

5. Before questions of allocation can be dealt with by NATO, it is necessary for either the Standing Group or the Military Production and Supply Board, or both

(depending on the degree of importance of the equipment offered) to confirm that a requirement for the equipment offered exists. It is also necessary for the Standing Group to have approved the type of equipment offered as military acceptable, in the case of equipment which it is proposed should be produced for NATO. Transfers of equipment from existing military stocks in relatively small quantities normally require only the approval of the Military Production and Supply Board.

6. There is in practice a good deal of flexibility in the procedures used by various countries and by NATO for handling various types of equipment. The pattern has not yet become fixed. We therefore have an opportunity of working out procedures along the lines of the Prime Minister's suggestion. In fact, the Defence Production Board, at its first meeting yesterday, was expected to recommend the appointment of a Co-ordinator of Defence Production, and according to press reports, the Board did recommend that a leading American industrialist should be appointed. We have heard from Mr. Wilgress that Mr. Reid Harod, President of the International General Electric Company, has been approached, but has not yet accepted. The Co-ordinator will have a similar status in dealing with the production problems of the European members as General Eisenhower will have as Supreme Commander of the integrated force. As Mr. Acheson said at Brussels, they want a production man to stand beside General Eisenhower. I wonder if the Co-ordinator's recommendations put forward to Governments, perhaps in the name of the Supreme Commander, would not meet the Prime Minister's point?

7. So far, I have been considering mutual aid offers of equipment, old and new. It may be more difficult to fit offers of services, such as air training, into the same pattern. In the case of an offer to train aircrew, for example, we have, as you know, been consulting the Standing Group directly and have asked them for a recommendation. As the terms of reference of the Supreme Commander's appointment state that he will be responsible for training forces committed to his command and for negotiating with member governments concerning the training of forces that are to be committed to his command, it may be possible to have him make a recommendation as to what military services of this sort member governments should undertake, so that here again there may be a way of following up the Prime Minister's suggestion.

8. These are my preliminary thoughts on the matter. I hope that we shall shortly be hearing from Mr. Wilgress, Mr. Wrong, and Mr. Pierce on the points you have raised and that we shall be able, together with officials of your Department, to develop more specific proposals in time for you to discuss them, if you wish, with General Eisenhower when he visits Ottawa.

9. As regards your comments on the future allocation of the Deputies and the Defence Production Board, we have already had Mr. Wilgress' comments. In his telegram No. 69 of January 9th,† Mr. Wilgress strongly recommends, for reasons that appear to me to be sound, that the Deputies themselves should not be moved from London, although he is in favour of developing closer working relations between NATO and O.E.E.C. on the economic side.

A.D.P. HEENEY

354. DEA/50030-L-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 133 London, January 16, 1951

SECRET. IMMEDIATE.

Reference your telegrams No. 35 of January 8th† and No. 125 of January 13th,† Canadian mutual aid procedures.

1. As I had an opportunity to discuss these matters with Mr. Robertson, and as the Defence Production Board have met, and the joint meeting of the Deputies with General Eisenhower was held this morning, I am now able to make some general observations on our procedures for aiding other NAT countries.

Endorsation by Supreme Commander of Proposals for Canadian Aid

2. I think that it may be practical to arrange that major proposals to Canada from NAT agencies (or major offers by Canada through NAT agencies) are submitted to Eisenhower for endorsation. It is clear from the first meeting of the Defence Production Board that some relationship between the Coordinator of North Atlantic Production and the Supreme Commander is contemplated. It is also clear from Eisenhower's statement to the Deputies this morning that the Chairman of the Council Deputies will have direct access to the Supreme Commander. Such relationships are, however, quite likely to be informal in character and I think that we, as sponsors of the simplified NAT structure, should be cautious about putting forward proposals which will complicate procedures. In other words, we should not seek to have procedures adopted which would require formal reference of our proposals to Eisenhower but should rely on informal contacts. In practice, too, I believe that we should not seek to secure an Eisenhower endorsation for all proposals but should reserve this for important matters and then only for an expression of opinion on the principle, e.g., the importance or priority he attaches to a given project.

3. It should be borne in mind that the Production Coordinator will not take over his duties until February 15 and that there will probably be some delay before he can make use of a direct channel with the Supreme Commander. It is conceivable that Eisenhower, after his tour of European member countries, would be able to express an opinion as to the general usefulness of some of the projects we now have under consideration (F86 aircraft and air training facilities) and I suggest that we invite him to comment on these when he is in Ottawa.

Military Production for NAT Countries

4. I think that our inclination to encourage specific requests from NAT countries or from NAT agencies is open to objections. On the basis that deficiencies are large and varied and that any offer we make is likely to be oversubscribed I think that

wherever practicable it is in the Canadian interest to come forward with offers of mutual aid as we did in the cases of divisional equipment and training facilities — both of which met with favourable responses. In the field of equipment, we should strive for a coordinated production programme — for our own fighting forces, for United States and other accounts and for aid to our NAT partners. If these three requirements are considered jointly and production plans made accordingly then the Canadian Government can decide what equipment they can make available under mutual aid and ensure that this fits into the Canadian production programme.

5. With regard to the mechanics of offering, my view is that we should follow the following procedures:

6. Offers of mutual aid should be made initially through the appropriate Ministerial Committee or when they are not in session, the Council Deputies in order that they may be brought to the attention of other Governments and NAT agencies. Such offers would be accompanied by a statement as to the NAT agency which would be responsible for processing the offer and recommending allocations. For instance, if we decide to offer training facilities for aircrew I would make a statement to this effect in Deputies explaining that details of the vacancies available have been communicated to the Standing Group and that those countries interested in taking advantage of the offer should obtain details and make bids through their accredited representatives and that in the case of bids exceeding vacancies available, the Standing Group would be asked to recommend allocations.

7. Which agency we should use to process the offer depends on its nature. Major quantities of military equipment, such as divisional equipment, F86 aircraft, etc., should, in my opinion, be processed through the Standing Group as the executive agency of the Military Representatives Committee, and they would recommend allocation on the basis of strategic need. Offers of surpluses or of individual items of military equipment such as AA No. 4 MK VI radar sets, artillery weapons, etc., should be processed through the Defence Production Board who will be asked to recommend allocations within general principles laid down by the Standing Group. In either case, the recommendations of the Military or Production Agency would be communicated direct to the Canadian authorities without referring the matter back to the Deputies.

8. In my telegram No. 31 of January 5th† I indicated that the question of responsibility for allocation was likely to be the subject of early discussions in the Standing Group and other NAT agencies. I should like to urge that in any such discussions we support the division of responsibility for allocation in the manner set out above.[1]

[1] Le Comité sur les aspects économiques des questions de la défense a approuvé les recommandations contenues dans ce télégramme le 18 janvier 1951.
The Panel on the Economic Aspects of Defence approved the recommendations set out in this telegram on January 18, 1951.

355. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 24, 1951

...

(B) SERVICE PROGRAMMES AND MUTUAL AID

50. *Mr. Claxton* reported that the object of the defence programme under consideration was to permit all reasonable measures required to strengthen the defence of Canada; to meet United Nations obligations in Korea and North Atlantic Treaty requirements in the Western European and North Atlantic Ocean areas; to build up the organization, training facilities, and equipment so that mobilization, if required, might be accomplished efficiently; and to obtain equipment, clothing, stores, arms and ammunition needed by the forces in the first year of a war. While the cost of the programme would be high, it represented the scale of effort necessary if the situation was to be taken seriously and was about all that could be done by July, 1954, without a modified manpower policy and a complete war economy. The country appeared to recognize the need for a greater defence effort. The United States was making preparations against a war in a year or two. It would be hard to accelerate further the manpower, equipment and construction elements of the programme. It would be difficult to meet the manpower targets of the programme but it was hoped that, with a vigourous recruiting campaign, this might be done.

The principal elements of the four-year programme (including measures already authorized) were:

Navy

(1) maintenance in present commission of 17 ships, as well as auxiliary vessels; commissioning from reserve of 14 ships as men became available; continuation of the approved programme of building 21 ships, 1 Arctic ice-breaker and 5 gate vessels; building an additional 7 destroyer-escorts, 1 controlled minelayer, 8 seaward defence patrol craft and 38 harbour craft; repurchase and refitting of 25 frigates and Bangors held in strategic reserve; procurement of necessary aircraft; and provision of tooling for the authorized naval construction programme and to provide some capacity to meet wartime deficiencies;

(2) raising of ceilings to: active force—20,450; reserve force - 12,300, including 500 women; civilian employees—11,500;

(3) provision of increased accommodation and training facilities, seaward defences at St. John's, Halifax and Esquimalt, magazine facilities in Newfoundland and on the Pacific Coast, and additional storage for R.C.N. aircraft; and replacement of construction at certain naval divisions;

(4) rearming of 9 destroyers with 3" 50 guns; provision of armament for additional ships and training facilities; and stockpiling of ammunition to provide training, initial outfits for all ships, and one outfit per ship in reserve;

(5) provision of naval stores for the expanded force and fleet and of mobilization stocks of barrack, camp and hospital equipment and clothing to outfit a navy of 55,000 in the first year of a war.

Army

(1) conversion of the Mobile Striking Force (3,500) to U.S.-type equipment and completion of its Arctic equipment; reorganization of the Canadian Army Special Force to make up 1 battalion for U.N. service, 1 regimental combat team for the European Integrated Force, and replacement units for rotation in the Integrated Force; reorganization of anti-aircraft defences to provide 4 active force composite batteries, 18 reserve heavy A/A regiments and 10 reserve light A/A regiments, with conversion to U.S. 90 mm. guns and fire control; limited expansion of R.C.E.M.E., Ordnance and other administrative units in view of increased strengths, the stationing of units abroad and conversion to U.S.-type equipment; and limited increase of training establishments to provide conversion training and additional instructors for the first year of mobilization;

(2) raising of ceilings to: active force-49,700; reserve force - 67,850, including 8,850 women; civilian employees-12,400;

(3) provision of additional permanent accommodation and prefabricated huts for the expanded force and for mobilization purposes;

(4) continuation of the conversion of the whole army to U.S.-type equipment; procurement in Canada of U.S.-type light military vehicles, including first-year requirements on mobilization; provision of clothing, equipment and barrack stores required to equip initially an army of 150,000 in the first year of a war.

Air Force

(1) development, for the defence of Canada, of: 9 regular and 10 reserve fighter-interceptor squadrons each with 18 CF-100 aircraft; a 31-station radar network (with U.S. collaboration); 2 reserve tactical fighter squadrons, each to be re-equipped with 18 CF-100's; 3 maritime squadrons with a total of 40 Lancasters (partly for North Atlantic Ocean requirements); 1 medium transport squadron with 16 Dakota's; 2 troop-carrier squadrons each with 16 C-119's; 1 four-engine long-range transport squadron; and 1 four-engine long-range area reconnaissance squadron;

(2) development, for the Integrated Force, of 7 fighter-bomber squadrons, each with 16 CF-100's (equipped with F-86's until 1954-55); 1 fighter-reconnaissance squadron with 16 CF-100's; 3 fighter-interceptor squadrons each with 25 F-86's; and an air material base overseas;

(3) provision of 3 additional schools to graduate 1200 NATO pilots and navigators annually, and of 3 additional air training schools and expanded ground training facilities for the R.C.A.F.;

(4) raising of ceilings to: active force-43,240, including 5,000 women; reserve force-25,000, including 2,500 women; civilian employees-9,169;

(5) provision of additional storage and maintenance facilities for the expanded force, with greater use of civilian contractors;

(6) provision of the following operational and training aircraft, additional to present holdings: 790 F-86's, 728 CF-100's, 900 Harvards, 345 T-33's (dual jets), 320 Expeditors, 68 troop, heavy and medium transport aircraft, 3 helicopters, and 26 Chipmunks;

(7) provision of a mobilization reserve of clothing, ammunition, bombs, barrack equipment, motor transport and prefabricated emergency accommodation for an air force of 100,000 in the first year of a war.

Defence Research Board

Expansion of research and development facilities.

The financial requirements for 1951-52 would be about $1,689 million, made up approximately as follows: Navy-$279 million; Army-$525 million; Air Force $703 million; administration (including the married quarters programme and some provision for civilian defence) $122 million; D.R.B.-$37 million; miscellaneous votes-$23 million. These estimates included the expenditure in 1951-52 of some $308 million on construction, $87 million on clothing and $56 million on ammunition. The total financial requirements of the programme in each of the subsequent three years, while very difficult to forecast, would be on something like the same order of magnitude.

These estimates did not allow for the transfer to NATO countries of certain U.K.-type A/A, signals and Field Force equipment, and their replacement by U.S.-type equipment at a cost of $240.2 million; the training of 1200 NATO aircrew at a cost of $174 million; or the transfer to NATO of 392 F-86 airframes, at a cost of $81 million. It was proposed that these costs be charged, over a four-year period, to mutual aid funds, with the possibility of some $312 million being required for these items in 1951-52. The military programme and these mutual aid items for 1951-52 therefore totalled some $2 billion.

The new service ceilings, which it is hoped to realize by 1951-52, would involve a total average monthly intake of about 175 officers and 1200 men.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 22, 1951 — (15 sheets) — Cab.Doc. D273.)†

The proposed ceiling of 12,000 for the R.C.N. reserve would have to be cut to about 7,500 owing to training difficulties. Purchases of mobilization reserves of clothing for the three services proposed for 1951-52 would probably have to be reduced as they might not be obtainable without something like a full war economy. Similarly, expenditures on construction proposed for 1951-52 might have to be reduced in order to avoid undue dislocation of the civilian programme. As regards A/A defence, to meet the force requirements only 4 new reserve regiments would require organization. Bringing the A/A regiments up to strength could consume much of the reserve army manpower and it was planned, therefore, to use older men as well as women as far as possible. Expansion of the R.C.A.F. was the largest part of the programme and was made necessary by the air defence needs of Western Europe and Canada. As the R.C.A.F.'s resources would be stretched to the maximum, it could not undertake a more ambitious NATO air training scheme than that envisaged in the programme without considerable assistance from the United

Kingdom. Great care had been taken, in preparing the programme, to exclude non-essential items.

While the whole $300 million mutual aid fund provided under the Defence Appropriation Act had not yet been spent, it had been earmarked. Therefore, the transfer of U.K.-type armament to NATO and its replacement, the provision of F-86 airframes to the United Kingdom and the NATO air training programme, which were being explored, would require additional mutual aid funds.

51. *The Minister of Finance* pointed out that the combined defence and mutual aid programme for 1951-52 of about $2 billion would represent some 10 per cent of the gross national product, or 12 per cent of the national income.

52. *The Minister of National Health and Welfare* wondered if the proposed defence and mutual aid programmes were not set too high.

53. *The Prime Minister* said he understood that the United Kingdom could be expected to spend about 12 per cent of its national income on defence in 1951-52. This would come close to the scale of the U.S. defence effort this year, although the latter was likely to be considerably greater in 1952. A Canadian programme of $2 billion would be comparable to the expected U.K. programme for 1951 on the basis of national income — although not on the basis of manpower, as there would be 1.75 per cent of the population in the U.K. forces. The United Kingdom was expanding its current programme despite the fact that it was not yet receiving much aid to its defence outlay from the United States. Disturbing as the cost of the proposed Canadian programme was, other NATO countries were having to make similar efforts; an effort of the order suggested was probably not more than Canada's fair share of the general defence burden.

54. *Mr. Claxton* said, with regard to Canadian force allocations under the Medium Term Plans, that Canada could shortly meet its Army allocation of one-third of a division for the Integrated Force. On the basis of presently-planned U.S. Army contributions to this Force, this should constitute for some time a fair contribution. The Navy allocation under the plans was reasonable, although it could not be met before 1954. The Air Force allocation, including 11 squadrons for the Integrated Force, was going to be hard to meet even by 1954. At Brussels, the North Atlantic Treaty Council had adopted a resolution urging member governments to consider rapidly completing the proposed contributions to the Integrated Force and making additional contributions. In the circumstances, General Eisenhower was likely to press for accelerated Canadian contributions to the Integrated Force.

55. *Mr. Abbott* suggested that it would be desirable to decide on a figure for the defence programme and then let the services recommend how it could best be spent. This figure, added to a sizeable civilian budget, would necessitate heavier taxes which would not be welcome. He thought, therefore, that an effort should be made to keep the military and mutual aid programme for 1951-52 within a total of $1.6 billion which should include any portion of the $300 million vote not used in the current fiscal year. He did not want to see contributions to the Integrated Force, the reconstruction of the Navy, or other essential projects curtailed, but thought that the programme included some items, such as permanent-type buildings and large

amounts of clothing for mobilization purposes, which could be reduced without prejudice to the adequate development of the armed forces.

56. *The Minister of Citizenship and Immigration*, referring to the plan to have two army divisions ready and two in training by the end of the first year of a war, said that he had doubts about the advisability of planning for a large Canadian Army. He thought that the question of the division of manpower between the three services deserved careful review before the armed forces were greatly expanded.

57. *The Cabinet*, after further discussion, noted the new four-year defence programme proposed by the Minister of National Defence, it being understood that Mr. Claxton, before the matter was considered further, intended to examine, in conjunction with the Minister of Trade and Commerce and the Minister of Finance, the possibility of keeping the financial requirements for defence and mutual aid for 1951-52 within the limit of $1.6 billion, including any portion of the $300 million vote provided under the Defence Appropriation Act that was not used during the current fiscal year.

356.

DEA/50030-L-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 228

London, January 25, 1951

CONFIDENTIAL

NORTH ATLANTIC COUNCIL DEPUTIES: OFFER OF A SECOND DIVISION'S EQUIPMENT BY THE CANADIAN GOVERNMENT. D-D(51)18.†

1. In presenting my memorandum† on the offer of second division's equipment by the Canadian Government, I drew the attention of the deputies to paragraph 3, emphasizing that this offer could be considered firm providing the Canadian Government was able to make a satisfactory arrangement for replacing this equipment by purchase from the United States Government.

2. The Danish Deputy suggested that the last paragraph of my memorandum should be amended to state that the Military Representatives Committee would recommend the allocation of equipment. I explained to him that not all the countries would be interested in bidding for the Canadian equipment and it was for that reason that I suggested the Standing Group should recommend its allocation. I pointed out that before making its allocation the Standing Group would undoubtedly call in those countries which were interested in bidding for all or part of the equipment.

3. Achilles said that the free transfer of two divisions of equipment was a very significant and commendable action on the part of the Canadian Government and that he hoped that they would not be too modest to give it full publicity. I assured Achilles that we would do so.

4. The Standing Group are being asked to recommend allocation of the equipment on the basis of strategic need.

357. DEA/50030-L-7-40

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 219 Ottawa, January 30, 1951

SECRET. IMMEDIATE.

Repeat Washington EX-223.

OFFER OF GUNS TO LUXEMBOURG UNDER NATO MUTUAL AID

1. During his visit to Ottawa, General Eisenhower told Mr. Claxton that he was much impressed by the efforts being made by Luxembourg to raise the maximum number of men for their armed forces. He said, however, that there was an acute shortage of equipment which was hampering their efforts.

2. Mr. Claxton thereupon undertook to see whether some equipment could not be made available to Luxembourg under the Canadian Mutual Aid Programme to NATO countries. As Mr. Claxton was most anxious that action should be taken immediately on General Eisenhower's recommendation, Mr. Wrong advised LeGallais in Washington of the offer which he telephoned his Government. At the same time, General Gruenther had the matter raised in the Standing Group who said that, as the Luxembourg forces are now largely equipped with U.S.-type equipment, their only immediate recommendation was that the Canadian Government should offer Luxembourg 24 25-pounder guns.

3. Would you please make this *ex post facto* offer in the Deputies at the first opportunity, explaining the special circumstances of General Eisenhower's recommendation which led us to deal directly with the Luxembourg Government and the Standing Group. The position now is that Mr. Claxton expects to make an announcement of the offer tomorrow and you might therefore, at the same time, inform the Deputies and ask for their blessing on the action taken.

4. In your telegram No. 228, you reported that the Acting Chairman of the Deputies had expressed the hope that the Canadian Government would give suitable publicity to the offer of the Second Division's equipment. We shall try to let you know in advance when the announcement will be made here, but it is possible that Mr. Claxton may make an announcement at any time. If we cannot let you know in advance, we shall send you the text as soon as we can after the announcement.

358. DEA/50030-AG-40

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

TOP SECRET [Ottawa], January 31, 1951

CANADIAN FORCE CONTRIBUTIONS —
NATO MEDIUM TERM DEFENCE PLANS — 1954

1. The NATO Council passed a resolution on 18 September, 1950, which read: The Council "recommends that Member Governments, upon being advised by the Council of the provisions of the revised Medium Term Defence Plan and the respective contributions required thereby, consider as a matter of urgency the acceptance of the Plan and the taking of such measures as may be necessary as rapidly as possible to meet the contributions required of them, on the assumption that the necessary complementary action in the fields of production and finance will be taken to provide the equipment required".

2. On 23 October, 1950, the Military Committee of NATO approved the NATO Medium Term Defence Plan as submitted by the Standing Group, but in view of the NATO Council resolution and the fact that the Canadian Government had not yet been informed about nor had authorized the allocation of Canadian forces as called for in the Plan, the Canadian representative reserved the Canadian position. The Medium Term Plan was approved shortly afterwards by the NATO Defence Committee but still with the reservations qualifying the forces earmarked as Canadian contributions.

3. The NATO Deputies have since requested that all member countries should make known by 10 January, 1951, what they were prepared to do in supplying forces for the Western European Integrated Force. This was in order that studies might proceed and proposals be circulated by 1 February, 1951, on steps which should be taken to close the gap between the sum of national force contributions and of NATO defence requirements as called for in the Medium Term Plan—1954.

4. The Canadian Defence Programme, as considered by Cabinet at its meeting on 24 January, 1951, provides for sufficient forces to meet the force allotments requested from Canada in the Medium Term Defence Plans—1954.

5. Attached is the text of a letter, for which Cabinet approval is recommended, authorizing the Chairman of the Canadian Joint Staff in Washington to table with the Standing Group a Canadian undertaking (subject to the approval of Parliament) to provide the forces, as shown, for the NATO Medium Term Plan—1954.

[B. CLAXTON]

[PIÈCE JOINTE/ENCLOSURE]

Le ministre de la Défense nationale
au président, état-major du Canada aux États-Unis

Minister of National Defence
to Chairman, Canadian Joint Staff in United States

TOP SECRET [n.d.]

NATO MEDIUM TERM DEFENCE PLANS — 1954
FORCE CONTRIBUTIONS

1. You are hereby authorized to inform the Standing Group that, subject to the approval of Parliament, required for the sending of forces outside Canada (which approval is expected during the current session), the Canadian Government counts on providing forces for the NATO Medium Term Plans—1954, as set out hereunder:

NAVY	Regional Planning Group	1954 D-Day	D+180
Light Fleet Carrier	NAORPG	1	1
Cruiser	NAORPG	1	2
Ocean Escort	NAORPG	24	42
Carrier Borne Aircraft	NAORPG	40	40

ARMY	Regional Planning Group	1954 D-Day	D+30	D+90
Infantry Division	Western European Integrated Force	1/3	1/3	1/3

AIR FORCE	Regional Planning Group	1954 D-Day	Total Aircraft
Day Interceptor Squadron	Western European Integrated Force	3	75
Fighter Bomber Squadron	Western European Integrated Force	7	112
Fighter Reconnaissance Squadron	Western European Integrated Force	1	16
	TOTAL	11	203
Maritime Squadron	NAORPG	3	40

2. The forces required for defence of the Canada-U.S. Region are additional to those listed above; and have not been included pending joint review and confirmation of Canada-U.S. Regional plans.[2]

[2] Approuvé par le Cabinet, le 1er février 1951./Approved by Cabinet on February 1, 1951.

359. DEA/50030-L-2-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique

Secretary of State for External Affairs to Ambassador in Belgium

TELEGRAM 10 Ottawa, February 7, 1951

SECRET. IMMEDIATE.

Repeat London No. 26; Washington EX-294.

We have just been advised that the Standing Group have decided to recommend that the Canadian mutual aid offer of equipment for a second division should be allocated to Belgium. The Deputies should no doubt formally convey this recommendation to the Canadian Government, but Mr. Claxton feels it is desirable to make an announcement to the House tomorrow afternoon. Would you therefore inform the Belgian Government officially as soon as possible that the Canadian Government, on the recommendation of the Standing Group, have decided to offer equipment for one division to Belgium.

2. Lists of the equipment have already been made available to the Belgian Government through their military representatives in Washington.

3. It is expected that, in accordance with the procedure followed in the case of the equipment for one division given last November to The Netherlands Government,[3] the Canadian Government will be responsible for delivering equipment for the Belgian Government to seaboard, either at Halifax or Saint John, and that arrangements for onward shipment will be the responsibility of the Belgian Government. The majority of the equipment is already packed and ready in Montreal, and an early reply would be appreciated.

4. If the Belgian Government wish to make an announcement, Mr. Claxton would be grateful if their statement could be issued in Brussels to coincide with the announcement he wishes to make in Parliament at 3:00 P.M. our time Thursday, February 8.[4] We shall, if possible, send you the text of Mr. Claxton's statement tomorrow morning, or in any case immediately after he has made the announcement in the House for any additional publicity you may be able to obtain.

5. We shall be advising the Belgian Ambassador in Ottawa.

[3] Voir/See Volume 16, Documents 563, 566.
[4] Voir Canada, Chambre des Communes, *Débats*, 1951, volume I, p. 185./See Canada, House of Commons, *Debates*, 1951, Volume I, p. 177.

360. DEA/50030-L-40

L'état-major du Canada aux États-Unis au Comité des chefs d'état-major

Canadian Joint Staff in United States to Chiefs of Staff Committee

TELEGRAM CJS(W) 154 Washington, February 8, 1951

SECRET

MUTUAL AID PROGRAMME

Since the commencement of our Mutual Aid Programme we have used both the London and Washington agencies to advise NATO members of the availability of such aid. In each case the Standing Group has been responsible in the final analysis for making the recommendation to Canada for its allocation.

2. Through these two Canadian agencies we have explored the possibility of No. 4 MK VI radar being classified militarily acceptable NATO equipment. We then declared 100 sets available. We followed it up with another 200 sets making a total of 300. We have made army equipment available in two stages with a third issue coming up. We have obtained the Standing Group's recommendation on the allocation of F86 airframes. We have given artillery to Luxembourg. In the handling these projects our procedures have not been consistent and the Standing Group have asked informally what procedure we are following.

3. In order to clarify and simplify the method of handling Canadian mutual aid equipment or facilities such as training it is recommended that the following procedure be followed.

(a) The Canadian Deputy should announce in the Council of Deputies giving full particulars that certain equipment or facilities are being made available by Canada and that any nation that is interested in receiving an allocation of same should advise their military representative in Washington to make their application to the Standing Group.

(b) At the same time the Chiefs of Staff Committee would advise the Military Representative in Washington of the availability of equipment or allocation of facilities and ask for a Standing Group's recommendation on distribution.

(c) The channel to the Deputies on Mutual Aid would be for the information of Governments and the action channel would be through the National Military Representatives who in turn would deal with the Standing Group which organization has to make the recommendation. To do so requires a certain amount of military investigation and requires day-to-day information to assist them.

4. The foregoing procedure would have the effect of letting the member nations know on the highest level the aid that Canada is providing and would shorten and simplify the action procedures.

5. Whilst in London I discussed this allocation problem with Evan Gill and he was of the opinion that small quantities could be handled on a "Shopping List" basis.

These small quantities could be disposed of on information that is available in the Defense Production Board. To this I think you have agreed. This seemed to be a practical method of allocating small amounts of equipment and I do not suggest that any change should be made in this procedure for small quantities. We should ensure however that what we allocate on this basis should be done on the basis of information available to our representative on the DPB and if he is not in a position to finalize it it should be referred back to Ottawa and handled in line with the suggested procedure in para 2.

6. If you agree to the foregoing we should advise the NATO Agencies in London and Washington of our intended procedure.[5]

361. DEA/50030-L-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 376 London, February 15, 1951

SECRET. IMMEDIATE.

Repeat Washington EX-349.
Reference your telegram No. 298 of February 13th, NATO procedures for allocation.

1. We give you below some additional general comments on the subject of allocation and some specific comments on Campbell's message CJS(W)154.

2. Responsibility for advising on allocation of military equipment being a military one, the Standing Group is naturally the appropriate agency to perform this function. In doing so they will no doubt on occasions rely on SHAPE or the Supreme Commander's organizations for guidance as the latter will know the state of training and mobilization of the various elements of the integrated force. It should perhaps be borne in mind that allocation of items scheduled for long-term delivery might possibly be subject to change in the light of developments, e.g. the Canadian No. 4 Mk. VI radar sets, and that what is needed initially is a tentative allocation which should be subject to review before deliveries are made.

3. If the Standing Group feel disposed to use the services of the Defence Production Board and give the board general guidance under which it could allocate, we hold the view (as previously expressed in telegrams Nos. 2394 of December 6th and 133 of January 16th)† that the Defence Production Board could perform a useful service in this field. This view is based mainly on practical considerations, e.g. the location, composition and related activities of the board. Furthermore, the board will on occasions be making recommendations on allocation of production tasks

[5] Envoyé à Londres, N° 298, 13 février 1951.
Forwarded to London as No. 298 of February 13, 1951.

and it may be desirable on such occasions to suggest allocation of the end products. Rather than refer all such questions to the Standing Group it seems to us sensible that the board should where possible recommend such allocations on the basis of general principles enunciated by the Standing Group. We do not favour a procedure which would involve processing such matters through the two North Atlantic agencies.

4. Actually the cases calling for advice on allocation are not numerous now and the majority are Canadian offers as we are the only country whose policy it is to seek such advice. The United States make their offers of end item aid outside NATO and the United Kingdom who have offered a fair amount of surplus stock invite bids through the Defence Production Board and then decide allocation themselves. The only other major transaction was the 30 dollars million worth of OMA stocks offered by Belgium which was handled through the MPSB with military advice being sought on competitive items through the United States military advisory group (JAMAG).

5. In general, therefore, we reaffirm the view previously expressed that it is premature to consider the establishment of a new military agency for allocation purposes and we believe it would be unwise for the Standing Group to take a firm stand that all allocation must be done by them. We question whether it is necessary to take a hard and fast decision at this time and we think it would be better to proceed on an ad hoc basis for the time being with the Standing Group recommending allocations when they are asked to do so and the Defence Production Board recommending allocations when they are asked to do so or when called for in connection with their production programming, on the understanding of course that they would operate under the guidance of the Standing Group and they would refer to the Standing Group in cases of doubt. This is the type of arrangement that we hoped would be concluded between the Standing Group and the board but no progress has yet been made. The present position, as we reported in telegram No. 302 of February 6th† is that the Standing Group are formulating their policy and will shortly send representatives to London to discuss the matter with representatives of the Defence Production Board.

6. As regards Campbell's recommendations, we think it important that detailed offers of any equipment should be made through the agency which will advise on allocation. In practice it sometimes happens that the offering country is asked to supply additional information regarding specifications, conditions, etc., of the equipment offered. By the same token, the bidding countries must be asked to supply certain information in support of their bids. The type of information needed might vary. For administrative reasons we do not favour an offer being made in detail through one agency and the processing of the offer in another agency. While I shall continue to announce Canadian offers in Deputies so as to bring them to the attention of other governments, I do not wish to make these in sufficient detail for countries to submit their bids. In the offers I have made to date I have usually indicated the NATO agency which is handling the matter.

7. To summarize:

(a) Offers of mutual aid should be made in Deputies in general terms only to bring them to the notice of other governments.

(b) Details of the offer with full particulars regarding the terms, delivery, condition, quantities, should be made through one NATO agency, which would process the offer from the first step which is to notify countries of the details and invite bids to the final step which is to recommend allocations.

(c) Pending the outcome of the forthcoming discussions between representatives of the Standing Group and the Defence Production Board all Canadian offers should be processed through the Standing Group.

362. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 15, 1951

...

DEFENCE PROGRAMME; NATO DEVELOPMENTS

14. *The Minister of Finance*, referring to discussions at the meetings of January 24th and February 5th, 1951, said that there seemed to be some uncertainty as to what was included in the $1.6 billion defence programme for 1951-52. It would be recalled that $300 million had been appropriated by Parliament at the previous session for mutual aid purposes under the North Atlantic Treaty Organization. It was not expected that much more than one third of this appropriation would have been used by the end of the fiscal year. It was his understanding that what was left in this vote would be included in the total of $1.6 billion for 1951-52.

15. *The Minister of National Defence* said he had been under the impression that the remaining portion of the $300 million voted last year could be carried forward and used for mutual aid purposes in addition to the $1.6 billion. However, it would be desirable to have this point clarified in order that conflicting undertakings were not given to NATO members.

16. *The Prime Minister* pointed out that it had been understood that $1.6 billion would constitute the total cost of our defence effort in 1951-52. In the circumstances, it was suggested that it should be made clear to NATO members that the Canadian defence programme for the year 1951-52 would involve a total expenditure of $1.6 billion and that this total included all mutual aid for the years 1950-51 and 1951-52 except that portion of the $300 million vote against which actual charges had been made during the year 1950-51.

17. *Mr. Claxton* reported that the United States were exerting considerable pressure on NATO countries, particularly the European members, to increase their defence efforts. At the present time, the Standing Group were endeavouring to devise some means of measuring the various national contributions in more general terms.

The Chairman of the Chiefs of Staff Committee and the Chief of the General Staff would shortly discuss with U.S. military authorities the future disposition of that portion of the Canadian Special Force still at Fort Lewis. If the Unified Command indicated clearly that these men were not required in Korea, it would be desirable to ascertain whether they should be sent to Europe at a reasonably early date.

18. *The Secretary of State for External Affairs* suggested that, in discussing with the Americans the disposition to be made of Canadian forces presently at Fort Lewis, every care should be taken not to leave an impression which would permit the assertion at some future date that Canadian soldiers had not been sent to Korea because Canada had requested that they be dispatched to Europe.

19. *Mr. Claxton* reported that the United Kingdom had not at the present time any aircraft capable of competing successfully with the Soviet M-15. A request had been received for the supply to the United Kingdom of 392 F-86 jet fighters. It was suggested that the United Kingdom should be informed that, if they could negotiate direct with the United States for the engines and other components required, Canada would consider building the 392 airframes and completing assembly. In this connection, it should be noted that some difficulty was being experienced in obtaining from the United States sufficient engines to meet production requirements for Canada.

20. *Mr. Claxton* further reported that the United Kingdom had inquired whether Canada would consider providing training facilities for a substantially larger number of aircrew than at present. Existing facilities would not permit any significant increase in the number of U.K. aircrew trainees. Furthermore, Canada was at the present time providing very substantial aid to NATO members and particularly to the United Kingdom. It might therefore usefully be suggested to the United Kingdom at this time that some arrangements be made for a measure of reciprocation.

21. *Mr. St-Laurent* suggested that arrangements might be made under which each NATO country would agree to assume financial responsibility for all or a substantial portion of whatever NATO undertakings were conducted within the confines of that country.

22. *The Cabinet*, after considerable further discussion, noted the remarks of the Prime Minister, the Minister of National Defence and the Minister of Finance on defence appropriations for the coming fiscal year and on North Atlantic Treaty Organization mutual aid.

363. PCO/Vol. 204

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], February 15 & 19, 1951

Present:
Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Dr. W.C. Clark,(1) (Deputy Minister of Finance),
Mr. A.D.P. Heeney,(2) (Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Lieutenant-General Charles Foulkes,(1) (Chairman, Chiefs of Staff Committee),
Mr. M.W. Mackenzie, (Deputy Minister of Trade and Commerce),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Dr. O.M. Solandt, (Chairman, Defence Research Board).

Also Present:
Mr. H.H. Wrong,(2) (Canadian Ambassador to the United States),
Mr. D.B. Mansur,(1) (President, Central Mortgage and Housing Corporation),
Mr. J.J. Deutsch, (Department of Finance),
Mr. T.N. Beaupré,
Mr. S.V. Allen,(1) (Department of Trade and Commerce),
Mr. R.A. MacKay,(1)
Mr. A.F.W. Plumptre,
Mr. J.R. Murray, (Department of External Affairs).

Secretariat
Mr. C.C. Eberts (Privy Council Office),
Mr. James George (Department of External Affairs).

(1) Present February 15th. (2) Present February 19th.

V. CANADIAN MUTUAL AID PROGRAMME

...

24. A general discussion of the Canadian mutual aid programme for North Atlantic countries took place touching on the tentative programme; the need for procedures for interdepartmental clearance and the pricing of items to be charged to Canadian mutual aid funds; allocation procedures; and possible Canadian production orders in NATO countries.

25. *The Deputy Minister of Trade and Commerce* said that his department had prepared a consolidation of the tentative Canadian mutual aid programme, commenting on the status of each major part of the programme and showing what had been approved by the government, what was under consideration, and approximately how much would have to be spent during the next fiscal year, and during future years, if all items were to be approved.

Two explanatory memoranda were circulated.

(Memoranda, Dept. of Trade and Commerce, Feb. 15, 1951 — Panel Documents ED-35A and ED-35B.)†

26. *Mr. Beaupré* pointed out that the estimated cash requirements for 1951-52 for mutual aid, assuming the whole programme were to be approved, were approximately $286 million. On the assumption that $243 million would be carried over under Section 3 of the Defence Appropriation Act, 1950, authority for the expenditure of an additional $43 million would have to be obtained. This was, therefore, the sum which his department was proposing should be included, in respect of mutual aid, in the estimates for the new Defence Production Department.

The consolidation had perhaps not succeeded in entirely eliminating all "double entries", i.e., charges which might at present stand not only against the National Defence estimates, but also against the estimates for the new Defence Production Department. For example, that part of the $57 million, which would have to be earmarked for the Department of National Defence for its replacement programme of the equipment for the second division being offered to Belgium, might also appear in the $108 million which Cabinet had approved as an encumbrance to be charged to Section 3 of the Defence Appropriation Act for the manufacture in Canada of U.S.-type arms and ammunition for the Army's replacement programme.

27. *The Chairman, Chiefs of Staff Committee*, said that the Chiefs of Staff were now hoping that the United States Government would be able to sell replacement equipment for another division "off the shelf" so that it might not be necessary to rely on Canadian manufacture for the second division's equipment to be given to Belgium. If this hope were realized, it might be possible for the government to consider offering equipment for a third division to NATO. Under present plans, the replacement equipment for the first division could be expected by June of this year, with the exception of tanks. The equipment for Belgium would probably be shipped next month, and it would be possible for the equipment for a third division, if offered, to be shipped by the end of this year.

28. *Mr. Beaupré* referred to the recommendations of the North Atlantic Task Forces which had been considered at the January 19th meeting. A request had been received from the Defence Production Board for all NATO countries to table their industrial capacity in certain sectors related to defence, such as shipbuilding. He enquired whether the Panel thought that his department should table Canadian capacity as requested which would clearly, he thought, imply that the government was prepared to consider a recommendation that this capacity be used by expanding the Canadian NATO mutual aid programme. He wondered whether it was out of the question for a charge to be made for capacity so used, or whether it was the fixed policy of the government that anything offered to NATO would be given away.

29. *The Chairman* recalled his suggestion at an earlier meeting that a pricing formula might serve to arrive at a more realistic appraisal of relative needs of NATO countries than the present system, whereby Canada offered equipment without any definite idea as to the specific needs of interested countries, and had therefore to rely on a Standing Group or Defence Production Board recommendation as to where the equipment should be sent. He thought that there might be some merit in the suggestion that additional Canadian capacity might be put to work in key sectors and the product offered to NATO at an arbitrary figure based on the going

European price, the difference (if any), including capital charges, being absorbed by Canada. In principle, he saw no objection to a proportion of Canadian defence production being paid for by interested NATO countries.

30. *Mr. MacKay* agreed that there was nothing to prevent the government from combining a mutual aid programme, part of which would be offered as a gift and part offered for sale. In addition, there was the possibility, which had been raised by Mr. Gill, of spending some mutual aid funds to place orders for production in European countries for the Canadian forces or for mutual aid.

31. *Mr. Beaupré* observed that no specific requests had been received from individual North Atlantic countries for anything from Canadian production and he suggested that Canadian representatives, instead of seeing what Canada might usefully give away, should wait for definite requests.

32. *Mr. Robertson* doubted that Canada's allies would wish to ask directly for individual gifts and felt that such a policy would have a paralysing effect on the Canadian mutual aid programme. He did not believe that the $300 million appropriation already voted necessarily exhausted the government's intentions in regard to mutual aid. A supplementary programme might be conceived using, as he had suggested, some pricing formula which might help Canada to utilize its maximum capacity in priority items, with U.S. help where necessary, as in the case of the F-86 programme in which any expansion was contingent on the supply of U.S. engines.

33. *Mr. Heeney* reported that the High Commissioner in London had recommended that, pending discussion of allocation procedures by representatives of the Standing Group and the Defence Production Board, recommendations for allocation of all Canadian offers of mutual aid should be processed through the Standing Group, as soon as the offer had been made to the Deputies.

Explanatory documents had been circulated.

(Memorandum, Dept. of External Affairs, Feb. 14, 1951 — Panel Document ED-34;† and Telegram No. 376 of February 15th from the High Commissioner, London.)

34. *Mr. Robertson* pointed out that the refusal of the United States to furnish components for the Canadian production of F-86 aircraft for the United Kingdom was based on the U.S.A.F.'s plan for building up 100% reserves. This raised the important general question of how to ensure that the resources of NATO countries were allocated in such a way as to ensure that they would attain the maximum overall strength. While the government would not favour an agency with powers to allocate the national resources of NATO countries, a question like that of the appropriate allocation of U.S. resources of F-86 components could usefully be taken up with the U.S. authorities on a bilateral basis or, possibly, in co-operation with the United Kingdom.

35. *Dr. Clark* proposed the establishment of a sub-committee or panel to consider and make recommendations on matters going before the Panel.

36. *The Panel*, after further discussion, agreed that:

(a) a sub-panel should be set up to give preliminary consideration to the questions that had been discussed under the heading of "Canadian Mutual Aid Programme" and to other North Atlantic and defence matters coming before the Panel; the sub-panel to consist of representatives of the Departments of Trade and Commerce, National Defence, Finance and External Affairs, to meet as required and to work under the general direction of the Chairman of the Panel;

(b) the terms of reference of the Panel, together with this minute, could be taken as sufficient terms of reference for the sub-panel for the time being;

(c) the amount of the appropriation for mutual aid should be specified in the estimates of one department and should be administered by that department;

(d) pending discussion of allocation procedures by the Standing Group and the Defence Production Board, all further Canadian offers of mutual aid should be processed through the Standing Group and the Deputies; the Standing Group being asked to make a recommendation as to the allocation of the offer at the same time as the Deputies were informed of the offer.

VI. MUTUAL OFFSET OF MILITARY EXPENSES BY NATO COUNTRIES AND CANADA

37. *The Deputy Minister of National Defence* suggested that the time had come to consider the possibility of recovering from countries assisted by Canada some return in goods, training facilities and services. The first step in the direction of such reciprocal mutual aid might take the form of an approach to the United Kingdom Government for assistance in meeting the expenses of the R.C.A.F. squadrons at present attached, and shortly to be attached, to the R.A.F. for advanced training in the United Kingdom. It would be difficult to treat in a similar way the expenses incurred as a result of the Canadian contribution to the Integrated Force, as the United States Government would probably be asked, on a repayment basis, to move the Canadian component of the Integrated Force, and the expenses that Canadian units would incur in travelling through Holland or Belgium on their way to the U.S. zone of Germany would be negligible.

38. *The Panel*:

(a) agreed to the suggestion of the Deputy Minister of National Defence that the R.A.F. be asked by his department to meet the expenses of R.C.A.F. squadrons posted in the United Kingdom for training; and

(b) agreed that the question of possible additional forms of reciprocal aid be given consideration by the Sub-Panel.

364. 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], February 20, 1951

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VI. AIR FORCE DEVELOPMENTS

21. *The Minister of National Defence*, referring to the discussions in Cabinet on December 28th, 1950 and January 24th, 1951, said that the Chief of the Air Staff had been in Washington on February 16th for discussions on aircraft procurement with General Vandenberg, Chief of Staff, United States Air Force. It would be useful to have a report on these talks.

22. *The Chief of the Air Staff* explained that his conversations with General Vandenberg had been chiefly concerned with jet engines, two-seater jet trainers and Harvards.

Jet Engines for F-86's

The R.C.A.F. had previously indicated to the U.S.A.F. a requirement of 35 sets of government-furnished property, including jet engines, per month for the Canadian F-86 production programme for the R.C.A.F. In addition, the R.A.F. had requested the U.S.A.F. to furnish 15 sets per month in connection with the proposal that Canada produce 392 F-86 airframes for the R.A.F. When the R.A.F. had been informed by the U.S.A.F. that the 15 jet engines a month could not be made available, the Chief of the Air Staff, R.A.F., had enquired whether Canada could make some complete F-86's available to the United Kingdom and had been told that none could be spared. The Chief of the Air Staff, R.A.F., had since indicated that he was endeavouring to re-allocate Avon engines from other projects in the hope that they could be adapted to the F-86 airframes. This might permit resumption of consideration of the proposal to make these airframes in Canada for the R.A.F.

During the discussions he had had on February 16th, General Vandenberg had at first indicated to him that, as the shortage of jet engines for the F-86 was critical, it would not be possible to raise Canada's allocation from 11 to 35 a month. After considerable discussion, he had agreed to instruct his staff to make a total of 20 per month available to Canada. While this would not meet the whole programme for the development of R.C.A.F. squadrons between now and the summer of 1952, the increased rate of availability of engines expected after August, 1952, would result in the programme not being far behind schedule by the end of that year. In the meantime, squadrons would be built up but with, at the start, less aircraft than the 25 planned.

23. *The Minister of Trade and Commerce* said that he saw no means of improving on the planned rate of production of the Canadian Orenda jet engine — intended for the CF-100 aircraft programme. About 100 would be produced in 1951 and

substantially more in 1952, but there would be none to spare for the F-86 aircraft programme.

Two-Seater and Twin-Engine Trainers

24. *Air Marshall Curtis* had been informed in Washington that there was also a great shortage of American T-33 two-seater jet trainers (required for training F-86 pilots) and that, as U.S.A.F. requirements were so great, none could be spared to meet the R.C.A.F. requirement of 345 by the end of 1952. Eventually, General Vandenberg had agreed to release 20 of these aircraft or Canada. This would enable the R.C.A.F. to start advanced flying schools in the autumn and, in the meantime, to review the situation and determine what other arrangements could be made to obtain aircraft of this type. The T-33 airframes were in shorter supply in the United States than the jet engines required for this type of aircraft. It might be necessary to manufacture the airframes in Canada. Again, it might be possible to obtain some U.S. F-80's, as a substitute, should the fighting end soon in Korea.

The situation with regard to twin-engine trainers was bad but Canadair, which was interested in this type of aircraft, was submitting plans and specifications to the U.S.A.F. in the hope of building a twin-engine trainer that would be of use to both Canada and the United States.

Harvards

While, some time ago, the U.S.A.F. had agreed to sell to Canada 100 Harvard aircraft at a low price, it had proved impossible for it to carry out this arrangement. As a result of his discussions in Washington, however, he believed that the U.S.A.F. would lend these aircraft to the R.C.A.F. for a period of two years, provided they were returned to the U.S.A.F. In view of the shortage of other types of aircraft, which would necessitate improvisation in the training programme, it might be necessary to borrow some 200 Harvards on these terms.

Training of Aircrew for NATO

25. *Mr. Claxton*, referring to the discussions in Cabinet on December 28, 1950,[6] January 24, 1951 and February 15, 1951, said that, in a letter of February 6, 1951,† the Right Honourable Arthur Henderson, Secretary of State for Air in the United Kingdom, had indicated the hope, on various grounds, that the entire facilities which were being established in Canada for training an additional 1100 NATO aircrew a year could be made available for R.A.F. trainees. The Air Ministry was prepared to provide a considerable proportion of the instructional and other staff required for these facilities. It understood the Canadian policy of acting in such matters through NATO machinery, but needed an early decision on this question for purposes of efficient planning. It expected to make bids to the Standing Group for still further training facilities in North America in view of the expanded U.K. defence programme.

He had drafted a reply to Mr. Henderson indicating, *inter alia*, that, in view of Canada's position as a member of NATO, it was felt that there was no alternative to the vacancies for the additional 1100 NATO aircrew a year being allocated on the

[6] Voir/See Volume 16, Document 636.

advice of the Standing Group; that there were a number of factors, such as the ability of the R.A.F. to provide fighter aircraft for its men as soon as they had been trained in Canada, that would doubtless influence the advice given by the Standing Group; that there were several real difficulties in the way of offering still further training facilities for NATO aircrew at present; and that it would be mutually advantageous if a group of Service and financial experts of the two countries were to meet in the near future to consider how far the U.K. Services might provide reciprocal mutual aid.

He recommended approval of a reply to Mr. Henderson along these lines.

26. *Air Marshal Curtis* said that the Standing Group Sub-Committee on Air Training had met in Washington and had indicated that NATO requests for air training facilities in North America far exceeded present facilities in the United States and Canada. The Sub-Committee was considering the matter further and would be making recommendations in about two months' time.

27. *The Committee*, after further discussion:

(a) noted the report of the Chief of the Air Staff on the present position with regard to the availability of jet engines for F-86 aircraft and of two-seater, twin-engine and Harvard trainers;

(b) noted the report of the Minister of National Defence that the Secretary of State for Air in the United Kingdom had requested allocation to the R.A.F. of the entire facilities being established in Canada for the training of an additional 1100 NATO aircrew a year, and that the United Kingdom would be applying to the Standing Group for further facilities for R.A.F. trainees; and approved the recommendation of the Minister of National Defence that he reply to the effect that allocation of the 1100 vacancies would have to be subject to the advice of the Standing Group; that there were obstacles to offering further vacancies for NATO aircrew trainees at present; and that it would be advantageous for Service and financial experts of the two countries to hold an early meeting to discuss the possibilities of the United Kingdom Services providing reciprocal mutual aid.

...

365.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 21 & 22, 1951

...

DEFENCE ESTIMATES AND PROGRAMME

42. *The Minister of National Defence* recalled that, at the meeting of January 24th, he had put forward estimates for a four-year defence programme, including married quarters, civil defence and some capital assistance. In those estimates the financial requirements for the year 1951-52 were shown as $1,689 million plus some $312

million which would be required for mutual aid to North Atlantic Treaty countries, or a total of some $2 billion.

In accordance with the decision at that time, these financial requirements had been re-examined to determine whether they could be brought within a figure of $1.6 billion. New estimates had now been prepared contemplating commitment authority for 1951-52 of $2,166 million, covering defence requirements proper, housing, civil defence, mutual aid and capital assistance (including an additional $50.8 million capital assistance to come under the proposed Department of Defence Production). As payments totalling about $300 million were not expected to come due in 1951-52, the actual disbursements anticipated in that year amounted to some $1,866 million. If cash credits of about $120.5 million, derived from mutual aid funds during 1950-51, were deducted from this sum, the revised estimates for 1951-52 would require, therefore, a cash appropriation of approximately $1,746 million.

An explanatory memorandum was circulated.

(Minister's memorandum, "Defence Summary", with attached analysis of charges to mutual aid funds.)†

If an additional 300 Canadian 3.7 inch anti-aircraft guns were transferred to NATO and replaced, in the current fiscal year, by United States 90 mm. guns, the figure for cash disbursements for 1951-52 could be reduced by a further $50 million. If $100 million that the army appeared unlikely to be able to spend on equipment in 1951-52 was also deducted, expected cash disbursements for that year would be reduced to about $1.7 billion. This would permit execution of a programme that appeared to be generally recognized as necessary.

43. *The Minister of Trade and Commerce*, noting that it was proposed to spend something like $100 million on U.S.-type A/A guns with T-33 tracking devices, suggested that, as present Canadian A/A equipment would be almost as effective in keeping aircraft at a high altitude and away from targets, a calculated risk should be taken and current equipment retained so as to effect a reduction in the defence programme.

44. *Mr. Claxton* said that the range of Canadian 3.7 inch A/A guns was limited and, as they were operated by hand, they were only effective against relatively slow aircraft. In due course there would be available more efficient anti-aircraft rockets with homing devices and these would require the trackers it was proposed to purchase. The military authorities considered it important to have the U.S.-type A/A equipment. Use of Canadian equipment for any length of time by the reserve forces would lead to public criticism of the inadequacy of Canadian anti-aircraft defences.

45. *The Minister of Finance* suggested that purchase of U.S. anti-aircraft equipment, or some other items, would have to be postponed so as to permit reduction of the defence estimates for 1951-52 to the figure of $1,650 million.

46. *The Minister of National Defence* pointed out that, some months ago, a programme of modernizing Canadian 3.7 inch A/A guns at an estimated cost of some $75 million had been approved. Subsequently, the army had found that the United States could furnish some 90 mm. guns which were better, required less moderni-

zation and would cost about $50,000 a unit. On December 28th, 1950, approval had been given by Cabinet for the purchase of 100 of these guns and for the transfer of 100 Canadian guns to the North Atlantic Treaty Organization. Accordingly, arrangements had at once been made with U.S. authorities looking to delivery of 100 90 mm. guns and the 100 Canadian guns had been offered to NATO.

47. *Mr. Abbott* thought that decisions to proceed with individual defence items should not have a cumulative effect but, rather, that all items should come within a figure agreed as appropriate for the defence programme for a given year, with the defence authorities determining priorities for expenditures within that figure. Under the revised estimates, it was planned to transfer more equipment to NATO in 1950-51 and to defer certain expenditures until 1952-53, but the estimates did not contemplate any reduction in the four-year programme. Deferment of expenditures amounting to $400 million, including $100 million for equipment that the army was not now expected to buy in 1951-52, would be reflected in the estimates for 1952-53. Postponement of the purchase of U.S. A/A guns was suggested and the fact that some aircraft equipment would not be available in 1951-52 should be recognized because it would not be possible to pitch the defence programme too high for that year and calculated risks would have to be taken. A defence programme of $1,650 million for 1951-52 would compare favourably with the defence efforts of all NATO countries except the United States, the United Kingdom and France.

48. *The Minister of Trade and Commerce* said that he would like to have the Chairman, Chiefs of Staff Committee, present to him the case for the purchase of 90 mm. A/A guns before it was decided to include them in the defence programme.

49. *The Secretary of State for External Affairs* suggested that expenditure of $100 million on strengthening some part of the North Atlantic Treaty area against known dangers would be preferable to devoting it to A/A guns to provide protection against an indeterminate air threat.

50. *The Prime Minister* felt that a delay in purchasing 90 mm. A/A guns might be regretted in the long run but that, if a homing anti-aircraft rocket were produced, it might so change the character of warfare as to render the U.S. gun useless. He would be prepared to agree to the 90 mm. gun programme should General Foulkes be able to satisfy the Minister of Trade and Commerce on its merits.

51. *The Deputy Minister of National Defence* reported that, since January 24th, officials of the Departments of Finance and Trade and Commerce had collaborated with his department in reviewing the defence programme and re-assessing its financial requirements. The estimates under consideration, while representing the original four-year programme, contemplated deferment of some expenditures on clothing, housing and construction in general. A/A guns excepted, any major reduction of the total programme could only be effected by a reduction of Canadian commitments to NATO.

52. *Mr. Abbott* felt that, as the proposed programme would entail a sizeable drain on dollar reserves, a large part of the army equipment to be purchased in the United States might possibly be left in U.S. stocks for the present.

53. *Mr. Drury* said that only a portion of this army equipment was required for mobilization reserves. Equipment for an equivalent of three divisions was needed

immediately for two brigade groups, the balance of the active units, training schools and the reserve forces. If U.S. stocks required were not purchased soon, they would be shipped to Europe, and have to be bought from new production at higher prices. Now that a start had been made on conversion to U.S.-type army equipment, it was, from the technical point of view, important to complete the process as rapidly as possible so as to avoid the confusion that would arise if a war found the army in the midst of conversion.

54. *Mr. Howe* believed it desirable to purchase in 1951-52 sufficient U.S. army stocks for two divisions.

55. *The Prime Minister* suggested that, if there were an emergency, the government would want to feel that it was no fault of its own if conversion had not been completed. It therefore appeared desirable to press on with the conversion programme as rapidly as possible.

56. *Mr. Abbott* did not think that equipment for as many as five divisions should be ordered.

57. *Mr. Claxton* said that five divisions of equipment would be required by 1954.

58. *Mr. Abbott* suggested that, as it was now known that it would be impossible, owing to supply difficulties in the United States, to accomplish in 1951-52 some of the aircraft programme originally contemplated, there could be a proportionate reduction in the estimates of expenditures for that year.

59. *Mr. Drury* pointed out that it was very difficult to estimate expenditures on items required from U.S. sources. There could be some reduction in the estimates of expenditures for the air force in 1951-52 as, with fewer aircraft available, there would be smaller squadrons. He suggested, however, that to defer to 1952-53 expenditures on a significant range of service items would merely increase the burden of defence expenditures in that year, partly because prices would be higher at that time, particularly in the United States.

60. *Mr. Abbott* said that, as there was always the possibility of an improvement in the situation, he felt that that risk might be run.

With respect to the new headquarters building, he thought that the proposed expenditure of $25 million would provide unnecessarily large accommodation. There might be criticism if any plan of extensive building were announced.

61. *Mr. Claxton* said that, while the new buildings had been conceived as a long-term project, he thought that it would be useful to have the buildings available in the event of a war.

62. *Mr. Drury* pointed out that his department was at present occupying 1-1/2 million gross square feet of space. The cost of the proposed building would be $14 per square foot.

63. *Mr. St-Laurent* said that, while such a building might be desirable, it was a question whether it was possible to have it as well as all the other items required.

64. *The Minister of Public Works* considered that a decision on these buildings should be made reasonably soon as there would be a space shortage in due course. He suggested, as a desirable solution, proceeding with one unit of the project.

65. *Mr. Abbott* thought this a reasonable plan. He pointed out that the defence programme proposed would impose an appreciable strain on the economy. On the basis of national income, it would be of the same order as the programme of the United Kingdom, which planned to devote some 10.5 per cent to defence in 1951-52. It would therefore represent a very respectable contribution to the common effort. The whole of the proposed programme could, of course, be accomplished if drastic steps were taken to reduce personal consumption and private investment, but there would be opposition to far-reaching measures of this nature at this time.

He thought that it had been generally agreed that the defence estimates for 1951-52 should be reduced to $1.6 million plus $50 million for the capital assistance to be provided by the new Department of Defence Production, which had been added since the programme was considered in January.

66. *Mr. St-Laurent* felt it would be unwise for Canada to aim at too large a programme at this stage. It was preferable for this country to keep some potential in reserve as it would be under frequent pressure to make additional contributions. Moreover, he did not wish to have to ask Parliament for any more money than could in fact be spent.

He suggested that there be agreement on a figure of $1,650 million for the defence programme for 1951-52, on the understanding that necessary readjustments to reduce the estimates to that figure would be discussed between the Departments of National Defence, Finance and Trade and Commerce.

67. *The Cabinet*, after further discussion:

(a) approved the recommendation of the Minister of Finance that cash appropriations for 1951-52 for defence purposes, including housing, civil defence, capital assistance and mutual aid, should total $1,650 million, and that appropriate adjustments should be made to bring the defence programme for 1951-52 within that figure;

(b) approved the physical programme, to be accomplished in four years, that had been recommended by the Minister of National Defence on January 24th, 1951, subject to further consideration being given to the inclusion in that programme of acquisition of United States-type anti-aircraft equipment; a new National Defence Headquarters building; the recruitment of women; the manufacture of F-86 airframes for the North Atlantic Treaty Organization; and to further review of the timing of the Canadian army contribution to the Integrated Force in Europe; and,

(c) agreed that it would be desirable to press on with the conversion of the army from United Kingdom to United States-type equipment as rapidly as possible.

366. DEA/50030-L-30

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], February 28, 1951

CANADIAN DIVISIONAL EQUIPMENT FOR ITALY

A few minutes ago, I spoke to Drury and said that we were mystified and disturbed to find that General Marras of Italy had sent thank you messages to Mr. Claxton and General Foulkes for a third division's equipment which, Marras was evidently under the impression, had been offered to NATO and allocated by the Standing Group to Italy.

2. Drury explained that Marras was ahead of the game. Apparently the Standing Group had "got hold of" a complete list of available Canadian equipment and had proceeded to discuss and decide to what countries such equipment should go or rather to what countries the Standing Group would recommend that the Canadian Government send it. In this way, the Standing Group had decided to recommend that the third division's equipment should be given to Italy or the Netherlands (the decision between them to be made by the Canadian Government).

3. Drury said that, although authority to offer a third division's equipment had not yet been sought by National Defence, fiscal provision had been made for $50,000,000 which would enable them to dispose of this equipment to NATO and replace it (largely, I assume, from United States sources). National Defence would shortly be recommending that this third division's equipment be offered to NATO through the Deputies and allocated in accordance with the recommendations of the Standing Group.

4. What has happened is that the cart has gone well ahead of the horse — in fact, is at the bottom of the hill with the horse still motionless at the top. National Defence are not very worried about this because they are anxious to get on with the offer and replacement and, now that they have the Standing Group's views in advance, the operation can be conducted much more quickly, provided Cabinet approve.

5. I do not think that there is anything much we can or should do about this. The policy of replacing from the $300,000,000 vote divisional equipment offered to NATO has been established and, although the using up of substantially almost the whole vote in this way is not what we originally expected as "mutual aid", there is a good deal to be said for it and the fact is that the equipment given is good value. If the offer is made on Cabinet approval, I take it that we would be satisfied to have the equipment go to Italy. National Defence are inclined to prefer Italy to the Netherlands, partly at least because the Netherlands' press reaction to the transfer of the first division's equipment has been rather grudging.

A.D.P. H[EENEY]

367. DEA/50030-L-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 1274 Ottawa, March 13, 1951

CONFIDENTIAL

CANADIAN MUTUAL AID AND CANADIAN DEFENCE PRODUCTION

On March 6 we had the first meeting of the Sub-Panel on the Economic Aspects of Defence (Plumptre, Chairman, Deutsch, Beaupré, R.G. Robertson, and Nolan, National Defence). One of the thoughts which the Main Panel had in mind when it created the Sub-Panel was that a smaller group at the working level could be helpful in clearing interdepartmentally and getting action taken on many of the tangled economic, financial and production problems in the military field which arise daily from every side.

2. The plans for our own defence efforts over the next few years are known. The new Department of Defence Production will soon get underway. With the size of our military programme determined and with the new Department assuming large specific responsibilities it should be possible to bring more clarity to ourselves and to our NATO partners on what Canada's defence production and mutual aid role will be.

3. In the development of a mutual aid programme within our overall programme for defence there are several points to be cleared up and policies to be decided. Some of these are:

(a) *The $300 million mutual aid vote — what has happened to it and what remains.*

The position as of today for this fiscal year and the prospects for the next fiscal year follow:

Mutual Aid Fiscal Year 1950-51

Cabinet has approved the following transfers to be charged against the mutual aid vote in the fiscal year 1950-51:

Armament and Ammunition for a Division to the Netherlands	$56,750,000
Armament and Ammunition for a Division to Belgium	$56,750,000
100 AA Guns and Ammunition approved by Order-in-Council P.C. 942 dated March 2, 1951	$31,245,000
24-25 pounder guns to Luxembourg approved by Order-in-Council P.C. 797 of February 13, 1951	$672,216
Armament and Ancillary Stores including ammunition with some minor substitutions of particular weapons (probably to Netherlands or Italy)	$50,000,000
TOTAL	$195,417,216

This year the mutual aid monies have been supervised by the Department of Trade and Commerce. As National Defence makes the $195,000,000 of equipment available to mutual aid, monies from the $300 million vote are paid over to National Defence and placed in a suspense account. The suspense account fund will be used to pay for United States type equipment as it is received either from the United States or from Canadian production. In the next fiscal year it is planned to put the remaining mutual aid money into the estimates of National Defence to be used as explained below.

Mutual Aid Fiscal Year 1951-52

Provision has been made in Department of National Defence estimates for $165,965,892 to be charged as mutual aid during the fiscal year 1951-52. This figure was made up of the items listed below. It should be emphasized that apart from the air training scheme and the 300 No. 4 Mark VI Radar sets these are not firm commitments.

NATO aircrew training in Canada		$55,806,164
Direct Aid Items		
(amount expected to be charged this year is given; charged for future years given in brackets)		
	(Future Years)	
300 radar sets	($15,000,000)	$25,000,000
Artillery	($ 6,500,000)	$ 2,500,000
Walkie Talkies	($ 8,220,000)	$ 5,480,000
Anti-Aircraft Guns, Signals and Balance of Field Equipment		$77,179,728
	TOTAL	$165,965,892

This figure of $165,965,892 is made up of $61,483,108 "new money" for 1951-52 plus $104,582,784 which is the residue of the $300 millions re-voted from 1950-51.

(b) *New Canadian defence production — sales to customers or gifts to partners.*

Important policy questions in this field have not yet been tackled. The pattern of using mutual aid funds to cover

(i) the transfer of existing military stocks, and

(ii) NATO training in Canada

has been established. When it comes to new production, careful consideration has to be given to financial and economic questions which do not arise in the same degree when existing stocks are transferred or training facilities in Canada are provided. Until these questions are resolved we do not want the impression to grow amongst our European partners in NATO that Canadian defence production is going to turn into a give-away programme. This could be misleading and a source of embarrassment in trying to set right.

Considerations in mind are not simply the difference in direct cost to the Canadian treasury between a gift and a sale. There is also the consideration that the results for NATO as a whole may often have more relation to genuine needs if price

tags are attached. Viewing NATO as a whole, a cost clearly falls at some point in terms of materials and manpower for all items produced, but if some are thought of as "free" by recipient countries there may be a distortion of programmes away from what a strict regard for relative essentiality would indicate.

When our mutual aid programme was undertaken it was understood that we would be making available equipment for two divisions. The doubling of this figure has made a major change in the availability of the $300 million for financing new defence production under mutual aid. Moreover, there is no longer the same incentive to use the mutual aid vote for "pump-priming" defence production. The expanded Canadian defence programme has made pump-priming academic in most fields.

4. The method of presenting our mutual aid operations used in para 3(a) does not show the actual physical and financial impact on our economy. It is an accounting presentation and not one which shows the period in which the real burden will fall. Most of the impact which one would assume from looking at the figures would occur in 1950-51 will not in fact arise until 1951-52. Existing stocks have been shipped but only some $4 million have been actually spent on replacements. The presentation of what might be called our "Military Balance of Payments" in the forthcoming Burden-Sharing studies will bring this point out clearly.

A.D.P. HEENEY
for Secretary of State for
External Affairs

368.

DEA/50030-L-3-40

L'ambassadeur en Italie
au secrétaire d'État aux Affaires extérieures

Ambassador in Italy
to Secretary of State for External Affairs

SECRET

Rome, March 10, 1951

Dear Mr. Pearson,

Yesterday afternoon, Count Zoppi, the Secretary General of the Foreign Ministry, who I met by chance, told me that he had received word from the Italian Embassy in Ottawa that the arms and equipment for one division had been assigned to Italy by Canada. He made no reference to the misunderstanding a week ago about this matter. I replied that so far [as] I knew the news was premature.

I fully realize that it is not possible for the Department to keep Missions informed of the detailed negotiations which are taking place in Washington about these matters. It is perhaps also reasonable to expect that recommendations of the Standing Group affecting the allocation of Canadian arms will be known to the governments concerned before the Canadian missions are informed. But I am sure you will agree that decisions of the Canadian Government on such recommendations should not be first brought to the attention of the Canadian representatives in

the countries concerned either by the governments to which they are accredited or through the press.[7] If Count Zoppi's information in this particular instance was premature, I hope that the Department will let me know at once when a decision is reached.

For other and more substantial reasons I hope that the information in this case was premature.

As you know, the implementation of the agreement on civilian relief and the release of Italian assets in Canada have both been held up by failure to reach agreement on the question of Canadian claims for war damage.[8] It has always been the view of the Canadian negotiators that a lump-sum settlement of these claims would be very much more satisfactory than bargaining over each individual claim and resort to conciliation. The Italians have not rejected the principle of such a settlement; they have merely been unwilling to make an offer which bore any reasonable relationship to the size of our valid claims. I have been pressing them for ten weeks so far without success, for a reply to our latest proposal, which is for a sum approximately equivalent to one and a quarter million dollars.

If the Government is disposed to give to the Italians military equipment to the value of more than fifty million dollars, would it not be possible to delay the announcement for a few weeks in the hope that they will be encouraged to put an end to their delaying tactics over these questions arising out of the last war?[9] It seems to me that a final settlement of all such questions between the two countries, together with the allocation of this equipment, which is eagerly anticipated, would place Canadian-Italian relations on an entirely new footing.[10]

Yours sincerely,

JEAN DÉSY

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[7] Note marginale :/Marginal note:
We have kept D[ésy] informed [A.D.P. Heeney]

[8] Voir le document 902./See Document 902.

[9] Note marginale :/Marginal Note:
too late — the bird has been released [A.D.P. Heeney]

[10] Note marginale :/Marginal note:
Mr. Ritchie to see
Mr. MacKay for disposition; please see Moran about relation of this to settlement of our claims. We should take any advantage we can of this generosity Draft reply for me please Mar 12 A.D.P.H[eeney].

369. DEA/50030-L-40

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

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

CONFIDENTIAL Ottawa, March 20, 1951

Dear Mr. Wilgress:

CANADIAN MUTUAL AID

By now you should have received Despatch No. E.1274 of March 13 giving the present position of Canadian mutual aid and outlining some of the problems concerning the future of Canadian mutual aid. As far as the future of mutual aid is concerned, you may have gathered the impression that the problems bulk larger than the programme. I thought it would be useful, therefore, to let you know for your own information something of our thinking in the Department on this question.

2. No one knew precisely how Canada's mutual aid programme would develop when it was announced last summer. However, I think it is fair to say that none of us would have expected so much of the $300 million to be used in covering the transfer of existing military stocks. Most of us expected a larger part to be used for financing new defence production. I do not want to under-estimate the importance and reality of the contribution which Canada has made to date in transferring good equipment for two divisions; I only wish to emphasize that the mutual aid vote was originally expected to play a large role in transferring newly produced supplies to other countries and in priming the pump for production of such supplies.

3. The giving away of existing stocks will soon be coming to an end and we will be faced with the problem of determining the future of mutual aid, and how it should be tied into the greatly expanded defence production in Canada. For sound political reasons, which you are well aware of, this Department is concerned in seeing that Canada's mutual aid programme is respectable. However, I think it is not an opportune time to raise interdepartmentally the broad outlines of a mutual aid programme over the next three years.

4. Our hesitation to take initiative at the present time can be summarized under three points:

(1) International production planning is still confused. There has been no counterpart yet in defence production planning to the NATO military planning which made it possible to draw up clear plans for our armed services over the next three years.

(2) Our own organization to handle production is just coming into being. Production men are arriving daily at No. 3 Temporary to take up their tasks in the new Department. Mr. H.R. MacMillan's survey of the production programmes in Europe and here may be helpful in generating greater interest in certain quarters in getting Canada to assume a mutual aid role comparable in firmness and zest,

although not in size, to our role ten years ago. The initiative in drawing up a mutual aid programme for production items must, I think, lie with the Department of Defence Production.

(3) With the 1951-52 estimates tabled in Parliament only a few days ago and the Department of Finance struggling with the budget, the atmosphere is not propitious for broaching a long range mutual aid programme which may entail additional commitments for future years and possibly for this year. In a couple of months the picture may well be different and I hope it will be possible to give this important question the attention it deserves.

5. I should be grateful for any suggestions you may wish to make.

Yours sincerely,
A.D.P. HEENEY

370. DEA/50030-L-40

Projet d'une lettre de l'adjoint exécutif du sous-ministre du Commerce au conseiller du haut-commissariat au Royaume-Uni

Draft Letter from Executive Assistant to Deputy Minister of Trade and Commerce to Counsellor, High Commission in United Kingdom

PERSONAL AND SECRET [Ottawa, March 20, 1951]

Dear Evan [Gill]:

With so many current developments in the NATO production field and with our own involvement and interest increasing daily as the birth of a new Department of Defence Production approaches, I thought the time might be appropriate to drop you a personal note to explain some of our problems at this end.

It may be that, viewed from the distance of London, and having heard now for some time about impending developments in the Canadian industrial mobilization field, you have gained the impression that the machinery exists for giving full and early consideration to the production aspects of projected offers of Canadian goods to NATO countries.

Such is not quite the case, however, and the stage reached now is merely one of welcoming daily into this Department production experts in the various fields of military interest. Until these men have had a chance to take off their hats and coats and to consider the problems, it seems unwise for the non-experts to make far reaching decisions regarding new production in Canada.

The pressure of events has been such that piecemeal commitments, both firm and contemplated, against our mutual aid vote have far outstripped the $300 million appropriation. As a consequence, very careful consideration will have to be given to the financial implications of any new offers to NATO. A great deal of thought is currently being devoted to this problem but decisions cannot be reached overnight.

An illustration of some of these problems, although with some special angles involved, is the 45,000 one-mile portable radio sets. Technical experts of the

A.B.C. group are working towards standardization, and indications are that this will result in large scale manufacture being initiated simultaneously in all three countries. According to your advice, the Netherlands are interested in manufacture and there may be others. As a consequence, some people are beginning to wonder whether any high purpose is going to be served by our offering to mutual aid these sets to NATO. (This does not alter the fact of course that one of our prime purposes, that of establishing industrial capacity in the sub miniature electronic components field will have been achieved.) Under these circumstances, it would seem prudent to go slow on this one until we've had time for full consideration at this end.

It would be helpful to us if the pressure to put forth new Canadian offers could be eased a little during the present transitionary period, when new personalities are arriving on the scene and when areas of responsibility are being defined. This does not detract in any manner from the job which is currently being done for Canada on the Defence Production Board of NATO. Furthermore, we are very cognizant of the fact that you in London are sitting in the hot seat when it comes to answering for Canada's part in the international effort.

I thought, however, that by dropping you this personal note, it might help to put you in the picture regarding the present atmosphere and thinking in Ottawa. It may well be that a little time gained now, which will enable more thorough consideration of the problems, will result in Canada's industrial contribution to North Atlantic defence being more effective in the long run.[1]

With kindest personal regards,
Sincerely,
T.N. BEAUPRÉ

371.

DEA/50030-L-3-40

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

Under-Secretary of State for External Affairs to Ambassador in Italy

Ottawa, March 24, 1951

Dear Mr. Désy,

In Mr. Pearson's absence I am answering your letter of March 10 regarding the shipment of arms and equipment to Italy.

You suggest that this shipment might be held up pending further discussion with the Italian Government regarding the settlement of outstanding Canadian claims for war damages. It was not, however, feasible to do so. In announcing to the Council Deputies and the Standing Group that equipment for a third infantry division was

[1] Voir tel. 478 du 21 mars 1951, DEA/50030-L-40.
See Tel. 478 of March 21, 1951, DEA/50030-L-40.

available we had attached no condition except that arrangements for replacement would have to be made before the equipment would be released. After the Standing Group had recommended that the equipment go to Italy we could not, therefore, very well bring pressure on Italy to settle before releasing the equipment. However, in later discussions with the Italian Government for the settlement of war claims it may be useful to remind them of the military equipment we are giving them.

Yours sincerely,

A.D.P. HEENEY

372. PCO/Vol. 204

Procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], April 6, 1951

Present:

Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Dr. W.C. Clark, (Deputy Minister of Finance),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Mr. M.W. Mackenzie, (Deputy Minister of Defence Production),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Dr. O.M. Solandt, (Chairman, Defence Research Board).

Also Present:

Mr. J.J. Deutsch, (Department of Finance),
Mr. T.N. Beaupré, (Department of Defence Production),
Mr. R.A. MacKay,
Mr. A.G.S. Griffin, (Department of External Affairs),
Mr. A.E. Nolan, (Department of National Defence).

Secretariat:

Mr. C.C. Eberts (Privy Council Office),
Mr. James George (Department of External Affairs).

I. FUTURE CANADIAN POLICY REGARDING MUTUAL AID

1. *The Deputy Minister of Defence Production* said that the Sub-Panel had prepared a memorandum designed to place before Cabinet the question of future policy with regard to Canadian mutual aid. A Cabinet decision would in turn permit instructions to be given to Mr. H.R. MacMillan, who was about to take up his duties as Canadian member of the NATO Defence Production Board. The memorandum made the following main points:

(1) The $300 million appropriated under Section 3 of the Defence Appropriation Act, 1950, and the $61.3 million for similar purposes in the Defence estimates for 1951-52, were fully committed as follows:

1950-51	
Transfers of Army equipment to NATO —	$195.4 million
1951-52	
NATO aircrew training —	55.8 million
Aid from new production —	32.9 million
Transfers of remaining Army equipment to NATO —	77.2 million
	$361.3 million

(2) An additional $81 million would be required if the F-86 airframe programme for NATO were proceeded with and further appropriations would in any case be needed after 1951-52 to complete the financing of NATO aircrew training and of already approved aid from new production.

(3) Contrary to original expectations, Canadian aid had consisted predominantly of transfers of U.K.-type equipment.

(4) In connection with any D.P.B. suggestions for additional aid from production, it would have to be borne in mind that Canadian industry was relatively fully employed, manpower problems were increasing, basic materials were very short, and Canada's production should be concentrated on types of equipment used by its forces. It should be made clear that stocks of replacement parts for U.K.-type equipment transferred to NATO would not be generally available in Canada, and that standby production facilities in Canada for U.K.-type equipment was not planned.

(5) The policy for the future that it appeared desirable to recommend to Cabinet was that, should the D.P.B. propose additional Canadian aid from production, it should be informed that (a) the impact of the 1951-52 programme would be such that additional Canadian aid in that year was very unlikely; (b) Canada would consider proposals for additional aid if deliveries and major costs would not occur until 1952-53 — assuming a government decision now to provide the necessary funds in that year; and (c) the government would assist NATO countries in purchasing military equipment in Canada.

(6) While the possibility of Canadian purchases in Europe should not be precluded, Canadian standardization on U.S.-type equipment meant that Canada's main interest in European production was the procurement of specialized production equipment.

An explanatory memorandum had been circulated.

(Sub-Panel memorandum, "Canadian participation in the NATO Defence Production Programme" — Panel Document ED-36)†

2. *The Deputy Governor of the Bank of Canada* suggested that, since the defence programme involved purchases in the United States totalling possibly $300 million in two years, and as these purchases would consist mainly of Army equipment

required because of the transfers of U.K.-type equipment to NATO, reciprocal aid by those countries appeared desirable.

3. *Mr. Mackenzie* thought that the U.S. dollar content of the defence programme was not too serious a matter as the United States was placing significant compensating orders in Canada and would be spending sizeable sums in connection with U.S. military installations in Canada.

4. *Mr. Deutsch* said that a recent study indicated that the U.S. dollar content of the defence programme in the calendar year 1951 would be $225-$250 million. As regards the balance of payments position, Canada's deficit overall on current account had been $300 million for 1950 and was expected to rise to $479 million for 1951. Defence purchases in the United States were the main factor contributing to this rise. Other important factors were higher U.S. prices and the U.S. dollar drain represented by Canadian tourist travel.

5. *Mr. Coyne* wondered whether, if the remaining transfers of Army equipment to NATO were not carried out, replacement expenses in the United States could be cut. From an exchange point of view it was, of course, preferable for Canada to purchase defence equipment in the United Kingdom.

6. *The Deputy Minister of National Defence* explained that conversion of the whole Army to U.S.-type equipment represented government policy. Also, a large part of the Army equipment had already been transferred, and it was not feasible to consider operating half the Army on U.S. and half on U.K.-type equipment.

7. *The Chairman* thought that, as and when Western Europe began to produce U.S.-type equipment, Canada should consider placing some orders there for its forces. Western European progress in getting into production of such equipment was slow largely because of a lack of firm orders.

8. *Mr. Drury* pointed out the Sub-Panel's comment on this question (para. 8), as outlined in para. 1(6) above. He added that, for some time at least, Europe's output of U.S.-type equipment would be inadequate for its own needs; Europe would not be producing the really expensive items, such as tanks; and, while the U.K. Canberra bomber and Venom fighter had now been accepted as standard, bombers were not required by Canada at present and the Venom was very similar to the F-86 being produced in Canada.

9. *Mr. Mackenzie* said that Europe would not be able to produce many of Canada's requirements soon enough.

10. *Mr. Drury* said — on the question of whether, under the Army conversion programme, it was necessary to maintain mobilization reserves of U.S.-type equipment on the scale of the reserves now being transferred to NATO — that in the next two years it was only hoped to obtain U.S.-type equipment for the Active Force, Reserve Force training and mobilization reserves for two divisions. There would thus be smaller reserves than had been held prior to the transfer of equipment to NATO.

11. *Mr. Robertson* said that what had happened and what would have to be made clearer to Cabinet was that, under the provisions of Section 3 of the Defence Appropriation Act, 1950, Canada had been carrying out what was primarily a major

programme of conversion of its own army component, rather than one of aid to NATO countries. As the Sub-Panel's list of aid commitments showed, this process was nearly at an end and it was now a question of what sort of aid programme Canada might embark upon. In the summer of 1950 it had been thought that Canada could make its best contribution to NATO by increasing its productive capacity, rather than by raising substantial military forces. A new position had now been reached, however, since Canada had been committed to a pretty sizeable military programme for itself and its defence production programme was geared to this military programme.

12. *The Deputy Minister of Finance* thought that, as expenditures on some items in the defence programme were being deferred to 1952-53, and total expenditures on the programme would therefore be higher in that year, it was doubtful that, as suggested in para. 7(b) of the Sub-Panel's paper, it would be feasible for the government to undertake at this stage to consider additional production expenditures on behalf of NATO in 1952-53.

13. *The Under-Secretary of State for External Affairs* pointed out that this would mean that Mr. MacMillan would have to tell his European colleagues on the D.P.B. that they must in future pay for all their additional requirements from Canada.

14. *Mr. Coyne* suggested that, as the United States appeared more likely to make "off-shore" purchases than purchases for its own forces, in Canada, it would be undesirable for Mr. MacMillan to take too firmly the line, suggested in para. 6(a) of the Sub-Panel's memorandum, that Canadian industry is now fully employed.

15. *Mr. Drury* said that the United States was very unlikely to make appreciable "off-shore" military purchases in Canada unless it was satisfied that Canada was carrying its full share of aid to Europe.

16. *The Chairman, Defence Research Board* pointed out that it would be unnecessary to indicate to NATO countries, as suggested in para. 7(a) of the Sub-Panel's paper, that additional Canadian production aid in 1951-52 was unlikely. If NATO orders were placed now, they would not have an appreciable impact until 1952-53.

17. *Mr. Robertson* suggested that para. 6 of the Sub-Panel's memorandum should include an additional sub-paragraph pointing out Canada's increasing U.S. dollar difficulties.

18. *Mr. Coyne* suggested that para. 6 begin with two points: (a) the Canadian aid programme for 1951-52 is now fixed; (b) there will be further charges in 1952-53 (air training and completion of approved production aid) and additional production aid will be affected by the exchange position.

19. *Mr. Robertson* thought that it would be undesirable either to refuse all additional production or to ask for a fixed sum now for such aid. It should be explained to Cabinet that, so far, Canadian "aid" had, for the most part, really been Army conversion. It might be asked to approve a general policy of extending additional production aid where NATO orders happened to fit in with Canadian production plans. It might also be suggested that, in suitable cases, a pricing formula, like that proposed at the last meeting, could be applied to such orders and that, in other cases, such as F-86 airframe production for the United Kingdom, triangular arrangements could apply.

20. *Mr. Drury* said that it was important to decide what should be produced for the Canadian forces as a basis for consideration of D.P.B. suggestions of additional production aid.

21. *Mr. Beaupré* pointed out that, in NATO, the emphasis had been on making the maximum use of Western European production facilities.

22. *Mr. Robertson*, referring to para. 6(c) of the Sub-Panel's paper, said that as a general policy it seemed sensible for Canada to concentrate on U.S.-type production, but that there appeared to be arguments for the strategic dispersal of capacity to produce U.K.-type equipment, against the possibility of Western Europe's factories suffering more than its forces in a war.

23. *Dr. Solandt* pointed out that equipment made in Canada for the Canadian forces was not be any means in all cases usable by forces of other countries which had the same types of equipment made elsewhere than in Canada.

24. *The Panel*, after further discussion, noted the Sub-Panel's draft memorandum to Cabinet on the future of mutual aid and agreed that the Sub-Panel revise it, in the light of the discussion, for consideration by the Panel at 2:30 p.m. on Tuesday, April 10th.

II. RECIPROCAL MUTUAL AID

25. *Mr. Deutsch* said that the question of reciprocal mutual aid had been discussed in a preliminary way in the Sub-Panel and that a revised paper on the subject had then been prepared in the Department of External Affairs.

An explanatory memorandum had been circulated.

(External Affairs memorandum, "Reciprocal Mutual Aid", April 6, 1951 — Panel Document ED-37)†

He distinguished two problems for the consideration of the Panel:

(a) the *policy* question of whether the Canadian Government would wish to accept the principle of receiving reciprocal mutual aid in certain cases; and,

(b) the *procedural* question as to how, if the Government agreed in principle, such a programme would be operated.

26. *The Deputy Governor of the Bank of Canada* spoke in favour of reciprocal mutual aid on the grounds of Canada's foreign exchange position. Also, he thought that this factor affected Canada's direct mutual aid programme, as it might be better policy to do more for NATO in Canada (e.g., air training) than to undertake assistance in forms that put a direct burden on Canada's foreign exchange position.

27. *The Deputy Minister of Finance* agreed that the foreign exchange position was becoming an important factor in so far as Canadian dealings with the United States were concerned, but he did not believe that the Canadian foreign exchange position was likely to become serious *vis-à-vis* Europe, where the reciprocal mutual aid programme would operate.

28. *The Deputy Minister of Defence Production* thought that reciprocal mutual aid made sense if it meant trading "like for like", i.e., expanding R.A.F. training in Canada at Canadian expense in return for the U.K. Government accepting maintenance and training charges for Canadian squadrons posted in the United Kingdom.

He did not, however, believe that goods should be offset against services, as had been proposed in the case of the request to the United Kingdom for Bailey bridges.

29. *The Deputy Minister of National Defence* remarked that there would, of course, be no question of Canada making a profit from any country on a reciprocal programme; that it would be applied only as an offset to countries receiving mutual aid from Canada; and that, apart from the United Kingdom, it seemed likely that there would be no offsets with the exception of small service charges that might be applied in France and Belgium.

30. *Mr. MacKay* added that he understood that most of the expenses of Canadian forces would be incurred in Western Germany and that it would not be possible to apply a reciprocal programme there.

He thought there were two principal points of policy to consider:

(a) It might be embarrassing and even invidious for the Canadian Government to ask countries to whom it had given mutual aid without strings, whether they would be prepared to reciprocate, especially if they were asked to do so retroactively. Announcements of the Canadian mutual aid programme by government spokesmen had been made in Ottawa and in NATO agencies, emphasizing the NATO character of our programme. It would be difficult to go back, now, on a bilateral basis, to certain governments with the proposal that certain offsetting charges should be taken into account.

(b) The Canadian Government would be under pressure to make greater defence efforts and every offsetting charge would decrease the net amount of Canadian defence spending (if mutual aid is included) at a time when it might be more practical for the Canadian Government to raise dollars (even U.S. dollars) than men.

31. *Mr. Deutsch* thought Canada should pay its way, as it had been doing with the United States, and retain complete freedom to decide for itself what and when it might give to other countries as mutual aid, without the complication of cumbering itself with offsetting charges which might lead directly to requests for more aid.

32. *The Chairman* thought that, in any case, reciprocal mutual aid should not be required as an offset charge against Canadian transfers of equipment from military stocks. If a policy of reciprocal mutual aid were to be adopted, he thought that it should be applied in such fields as air training.

33. *The Panel*, after further discussion, agreed that it would be necessary to discuss the question of reciprocal mutual aid again at the next meeting of the Panel before recommendations for the government could be satisfactorily formulated.

CHRISTOPHER EBERTS
Secretary
JAMES GEORGE
Assistant Secretary

373. DEA/50030-L-40

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

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

PERSONAL AND CONFIDENTIAL London, April 7, 1951

Dear Mr. Heeney:

CANADIAN MUTUAL AID

I thank you for your personal and confidential letter of March 20th, and greatly appreciate your further explanation of the situation pertaining to Canadian mutual aid which was outlined in despatch No. E.1274 of March 13th.

I can quite appreciate that under present circumstances the Department of External Affairs cannot very well take the initiative in pressing for further consideration of the problems relating to Canadian mutual aid. It is certainly a disappointment to find that, with a ceiling set on defence expenditures in this fiscal year of $1,600 million, no provision has been made for an additional amount to cover the possible transfer free of charge of end items of military equipment not already more or less committed.

We have been taking here as a basis of Canadian Government policy the statement which I was authorized to submit to the North Atlantic Council Deputies on August 24th last, the last paragraph of which contained the following sentence:

"Within the limits of the appropriations approved by Parliament, the Canadian Government would transfer to a European member of the North Atlantic Treaty Organization that share of the Canadian production allocated to that country on the basis that the Canadian Government would bear the cost of the Canadian content entering into the end-product and the other North Atlantic Governments would bear the cost of the content contributed by their countries to the production of the end-product."[12]

We further assumed that the special appropriation of $300 million was for the purpose of pump priming, and that when that appropriation was exhausted a further amount would be appropriated for the same purpose. The lack of any further appropriation (apart from the extra $61 million already accounted for) is what is now giving us concern.

It is true no one expected that so large a proportion of the $300 million would be used for the transfer of existing military stocks. As you point out in your letter, the giving away of existing stocks will soon be coming to an end and if there is no provision for mutual aid in the form of end items from new production, there will be to all intents and purposes a falling off in Canadian mutual aid at the very time when our partners in NATO might be expecting us to increase our efforts in this

[12] Voir/See Volume 16, Document 539.

connection. They will be left with the unfortunate impression that our mutual aid offer was actuated by the desire to find a means of disposing of equipment we no longer wanted.

In this connection, I think it most important, in determining our attitude towards further mutual aid, to maintain a distinction between:

(a) the cost of re-equipping our own forces with United States type equipment; and

(b) the value of the United Kingdom type equipment released to the European NAT countries.

The re-equipment of our own forces is only partly due to the fact that some of our United Kingdom type equipment is being given to others. It is also due, however, to a deliberate policy decision to standardize on United States types. Isn't it somewhat unfair, therefore, to attribute the bulk of the cost to mutual aid? Clearly the cost of replacement has to be covered somewhere in our defence estimates (as part of our defence effort), at the price of the comparable United States types with which we are in fact re-equipping, but those figures surely do not give a true measure of the extent of our mutual aid.

While the European countries have been most grateful for our assistance so far (as re-emphasized in the April 4th radio speeches of van Zeeland, Drees and Stikker), I wonder whether they, or the United States, would accept such figures as representing our contribution to mutual aid. While we do not have all the details on which to calculate the value of this equipment to the recipients, we would think that on the basis of United States and United Kingdom precedents (where the original value of the equipment has normally been discounted considerably) they would regard the value of this aid as very substantially less than the cost of United States type replacements.

Even if one takes ordinary United Kingdom divisional prices (adjusted for the absence of vehicles from our equipment), the figures are only a fraction of the amounts indicated in the Ottawa tables. Very roughly, we would calculate that the benefit to the recipients of all our mutual aid so far programmed (excluding the air training scheme) would normally be regarded as less than $100 million.

I can see from your letter that you appreciate fully the sound political reasons for the continuation of the mutual aid programme and for it being of respectable size. We must, of course, avoid the impression that our efforts in NATO are being concentrated on furnishing equipment to be used at the risk of the lives of others than Canadians. At the same time we have a problem in Canada regarding the provision of manpower for the active forces. One way to see that this problem does not react against our international position is to have our other partners in NATO appreciative of the assistance we are rendering them in other directions.

We have definitely indicated to our NATO partners that we are prepared to furnish them with end items of military equipment under mutual aid. So far the greater part of our mutual aid has taken the form of the transfer of existing stocks of military equipment or in air training facilities. If, when the transfer of existing stocks comes to an end, there is no large flow of end items of military equipment to take its place, we shall have one less mitigating factor to be offset against our inability

to recruit as much manpower for the armed services as countries with national service. Furthermore, about that time the results of the burden-sharing exercise will have become known. If there appears to be a falling off in the flow of mutual aid from Canada to Europe, we may be faced with embarrassing proposals for the provision of funds to enable the European member countries to purchase from Canada raw materials and such end items of military equipment as they must buy in Canada.

It may be that there is a feeling in Ottawa that the European countries are besieging us with requests for equipment free of charge. This is most certainly not the case, since, except possibly for the United Kingdom suggestion that we supply F-86 aircraft, no European country has specifically come forward with a request for Canadian equipment. All the commitments which have been made so far have been either the result of Canadian offers from existing stocks or action taken on the recommendation of an End Item Task Force, an exercise due largely to Canadian initiative.

Another possible misapprehension, in which I think the Department shares, is that we can get a great deal of help from NATO in planning what we should produce for our partners in the Organization. For instance, in paragraph 4 (1) of your letter, you state that there has been no counterpart yet in defence production planning to the NATO military planning. This is certainly so, and the reasons for it are not hard to find. Firstly, it was necessary for countries to develop military plans before their requirements of military equipment could be determined. This has now been done, and plans to equip the national forces to be raised under the medium term plan can now be tackled with vigour. The Defence Production Board, however, has taken the stand that the major responsibility for production programmes must necessarily rest with the countries themselves and that the role of the Board is limited to coordinating national plans in the general NATO interest, to helping countries overcome difficulties in implementing their programmes, etc., etc.

So far as we can see, the Defence Production Board is likely to concentrate its efforts on increasing production in the continental European countries of NATO. The United States and the United Kingdom certainly are not looking to the Board for very much help or guidance in their production planning. Although our position is different, I doubt whether much guidance will be forthcoming for us. I do not think, therefore, you should expect too much from what Mr. MacMillan will be able to accomplish in this field. Our opportunities for coordinating production are mainly with the United States and, to a much more limited extent, with the United Kingdom.

In view of this, I think we must not rely too much on NATO to help us plan our defence production. Our best course is to plan our defence production programmes based on the requirements of our own services, orders from the United States, and perhaps in a few special categories orders from the United Kingdom. Whenever we are in a good position to supply NATO deficiencies, we should add to these firm orders additional quantities to be furnished to other NATO countries as mutual aid, and in this way reduce the over-all unit cost of the equipment. This we should do on our own initiative.

We must clearly realize once and for all that there are no prospects whatsoever of effecting commercial sales of military equipment to any of the European member countries of NATO, except possibly on a very limited scale to the United Kingdom. The balance of payments position of all these countries is such that they simply could not afford (from their own financial resources) to place commercial orders for military equipment in Canada. As you know, they are having enough difficulty in buying even our traditional civilian exports. Any insistence on our part would simply result in pressure through the Financial and Economic Board for the provision of funds to enable such equipment to be purchased (if no provision for the supply of such equipment under mutual aid is available). This would even apply to the United Kingdom if we were to look to the sale of any large quantity of military equipment to this country.

Since production for the European member countries of NATO is for all practical purposes a "give-away" programme, this should be recognized and mutual aid should be regarded as an inherent part of our defence production planning. This is what I understood to be the policy laid down in the statement which I was authorized to submit to the Deputies on August 24th last, and I sincerely trust that there will be no reversal of this policy. I am looking forward to the visit of Mr. C.S.A. Ritchie next week because this will give me the opportunity of discussing these problems fully with him and learning more about the situation in Ottawa. In the meantime I am very grateful to you for your letter.[13]

Yours sincerely,

L.D. WILGRESS

[13] Note marginale :/Marginal note:
Mr. MacKay/Mr Plumptre this I think should be given some circulation to members of Econ[omic] Def[ence] Panel — a good letter A.D.P.H[eeney]. Apr 10

374. PCO/Vol. 204

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], April 10, 1951

Present:
Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Dr. W.C. Clark, (Deputy Minister of Finance),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Lieutenant-General Charles Foulkes, (Chairman, Chiefs of Staff Committee),
Mr. M.W. Mackenzie, (Deputy Minister of Defence Production),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Dr. O.M. Solandt, (Chairman, Defence Research Board).

Also Present:
Mr. J.J. Deutsch, (Department of Finance),
Mr. T.N. Beaupré, (Department of Defence Production),
Mr. R.A. MacKay,
Mr. A.F.W. Plumptre,
Mr. A.G.S. Griffin, (Department of External Affairs),
Mr. A.E. Nolan, (Department of National Defence).

Secretariat:
Mr. C.C. Eberts (Privy Council Office),
Mr. James George (Department of External Affairs).

I. FUTURE POLICY REGARDING CANADIAN MUTUAL AID

1. *The Chairman* said that, as a result of the discussion of future policy regarding Canadian mutual aid at the meeting on April 6th, a revised draft memorandum to Cabinet Defence Committee had been prepared.

A document was circulated.

(Draft memorandum, April 10, 1951 — "Future Policy regarding Canadian Mutual Aid")†

2. *The Deputy Governor of the Bank of Canada* said that, while para. 6 of the memorandum might indicate that industry was fairly fully employed and that there were industrial manpower and shortages of basic materials, it should not give the impression that Canada would not undertake additional production for United States dollars. He also thought that para. 10(a) should bring out the fact that the foreign exchange impact of the defence programme was an important factor limiting further expansion of the defence programme (including mutual aid) in 1951-52.

3. *The Under-Secretary of State for External Affairs* recalled that, in accordance with government policy, several clear indications had been given since the summer of 1950 that Canada planned to make important contributions to the North Atlantic Treaty Organization from its productive capacity. It would therefore come as a shock to NATO if it had to be informed that Canada could not make good its offers because it had spent most of its mutual aid funds on conversion of its army equip-

ment and that it might have to attach a price to additional aid. He wondered whether the Canadian economy could not stand the expenditure of an additional $300 million on mutual aid.

4. *Mr. Plumptre* said that the position was that the government considered that it could not go beyond the defence expenditures presently authorized for 1951-52 without introducing extensive controls. This did not mean that it was not possible, in economic terms, to spend an additional $300 million in Canada on mutual aid.

5. *Mr. Robertson* suggested that, since the matter was already under discussion with the United States and the United Kingdom, the memorandum be amended so that Canadian representatives in NATO bodies would not be asked to resist proposals for Canadian production of F-86 airframes for the United Kingdom in 1951-52.

6. *The Deputy Minister of National Defence* said that, should the government decide to make these airframes for NATO, they could probably be financed temporarily by postponing the conversion of some of the army equipment.

7. *The Panel*, after further discussion, approved the draft memorandum to the Cabinet Defence Committee on future policy regarding Canadian mutual aid, subject to the foregoing comments and certain other minor changes.

II. "RECIPROCAL" MUTUAL AID

8. *Mr. Plumptre* said that, in consequence of the discussion at the meeting on April 6th, he had prepared, as a basis for discussion, a rough draft of principles regarding reciprocal mutual aid that might be recommended to Cabinet Defence Committee. These principles were:

(1) Generally, Canada should pay for all equipment, services, etc., required for its forces from other countries, and continue to refuse to accept lend-lease or mutual aid;

(2) Any exceptions to this policy should not put Canada in the position of a net recipient of mutual aid from any country — least of all the United States;

(3) The following rules might be adopted:

(a) unless Cabinet established broad classes of transactions in which reciprocity would be acceptable, every proposal for reciprocity should be considered interdepartmentally at the official level and submitted to Cabinet;

(b) all reciprocal mutual aid accepted should be of an "offsetting" character, i.e. (i) like services should be set off against each other, (ii) the same country should be involved in the aid and the reciprocity and (iii) the reciprocity should normally be less than the aid in each fiscal year;

(c) it should be for Cabinet to decide in each case how the financial benefits of reciprocity would be allocated;

(d) reciprocity should not be "retroactive".

(4) These rules should not prevent the Canadian forces from exchanging with others small quantities of equipment of approximately equal value.

A document was circulated.

(Mr. Plumptre's memorandum, April 10, 1951, "Reciprocal Mutual Aid")†

9. *The Deputy Minister of Finance* expressed opposition to the idea of any reciprocal mutual aid. He thought that Canada should continue to decide on general grounds what aid it was going to give and avoid involvement in reciprocal transactions which were bound to be nebulous. Some of his objections to reciprocity were that its incidence as between other NATO countries would be accidental, depending, for instance, on where Canadian forces happened to be stationed; as Canadian aid benefitted the whole NATO area, it was impossible to say which countries should reciprocate and any attempt to do so would lead to controversies which would not be worth the very small amounts of reciprocity that would be available from Europe; the reasonableness of a reciprocal transaction would not remain constant — R.C.A.F. squadrons might be multiplied in the United Kingdom and then moved to the continent; under reciprocal arrangements Canadian units in other NATO countries might be inclined to obtain from the local authorities more facilities than they really required; and, from the point of view of balance of payments, reciprocity would only be significant if it were applied to the United States, but this was not possible as the government had consistently refused to accept lend-lease from the United States.

10. *The Chairman, Chiefs of Staff Committee* said that he was opposed to reciprocity in the case of the United States. Arrangements were being made for the U.S. Army and the U.S.A.F. to meet certain Canadian Army and Air Force expenses in Germany, on a reimbursable basis. There was no question at present of reciprocity by Germany.

11. *The Deputy Governor of the Bank of Canada* thought it wrong that Canada be in the position of paying U.S. dollars to maintain troops in Germany.

12. *The Chairman* thought that it would be unwise to recommend to Ministers the first and second principles in the draft memorandum. If the first were carried to its logical conclusion and the United States were expected to furnish all its own military requirements in Canada, without any Canadian participation or control in connection with its projets, there would be objections on sovereignty grounds. Again, by providing certain military installations in Canada, the United States was in effect giving mutual aid, since some of these installations served the defence of Canada as well as of the United States. Thus, to accept the principle that Canada should refuse all mutual aid would mean that it should provide all military installations required in Canada, which would be a heavy additional burden. Finally, as the United States was operating or contributing to a number of installations in this country, Canada was perhaps already in the position of a net recipient of mutual aid in so far as the United States was concerned.

The government would find it helpful, from the point of view of public opinion, to be able to show that there was some reciprocity by NATO countries. It would therefore be unwise to insist that Canada "pay rent for the trenches" in Europe.

13. *The Deputy Minister of National Defence* thought it was possible to argue that installations that the United States was now establishing in Canada were not an exception to the policy of refusing lend-lease since they were projects which the United States had been permitted to carry out at its own request.

The proposed rules might include the proviso that an offsetting service must be clearly for the benefit of the country suggesting reciprocity.

Statistical comparisons of the estimated financial and economic burdens of the NATO countries were under preparation and, if Canada accepted reciprocal aid, its relative position in the general picture would be poorer, and it would be in a weaker position to resist proposals for increased defence efforts.

The three R.C.A.F. squadrons which were to be in the United Kingdom and whose expenses it was proposed to offset against Canada's expenses in training R.A.F. aircrew, would be serving the defence of the United Kingdom, rather than Western Europe in general, and this question of reciprocity could therefore be separated from the general question of reciprocity for Canadian aid to NATO.

14. *The Under-Secretary of State for External Affairs* wondered if it would not be preferable to deal with the R.C.A.F.—R.A.F. case by itself. A policy of reciprocity or offsetting charges was not likely to amount to much, and he therefore doubted the need for placing the question of policy before Ministers at this stage.

15. *Mr. Deutsch* said that the proposal to submit the general question to Cabinet Defence Committee had arisen from a request to the Panel by the Minister of National Defence for recommendations on the subject, and from the fact that it appeared desirable to have agreement on general principles before individual cases were settled.

16. *The Panel*, after further discussion, agreed that the Sub-Panel should prepare a memorandum for Cabinet Defence Committee on the question of reciprocal mutual aid, taking into account the foregoing comments, explaining the pros and cons of a policy of accepting reciprocity and requesting guidance in the matter.

...

375. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], April 11, 1951

...

CANADIAN ARMY AND AIR FORCE CONTRIBUTIONS TO WESTERN EUROPE AND KOREA

3. *The Minister of National Defence*, referring to discussion at the meeting of April 10th, 1951, said that there was no undertaking as to when Canada would discharge the commitment to provide a brigade group (1/3 of a division) to the Integrated Force by July, 1954, although some indications had been given that this formation would be made available in 1951.

To fulfill the army programme submitted at the meeting on January 24th, 1951, (including a brigade group for Europe but only a battalion of 1,000 men in Korea) and also to maintain a full brigade group in Korea would require a further increase of approximately 10,000 men. During the first quarter of 1951 there had been a net

increase of just over 2,100. It was hoped that something like this rate could be maintained and that, apart from this, a special appeal would raise several thousand additional men.

Should it be decided to send a brigade group to Europe, the aim should be to provide, in October or November, 1951, a group of about 6,000 officers and men, including a minimum of administrative and supply personnel, ready for advanced training. In Europe, the group should be associated with the U.S. forces for reasons of economy.

If these plans were accepted, the army would have to adopt the following priorities:

(1) provision of replacements for the brigade group in Korea, some 3,330 being available at present;

(2) development of a brigade group of approximately 6,000 ready for despatch to Europe by the end of October, 1951;

(3) provision, for this group, of replacements to meet non-battle wastage estimated at 8% a year;

(4) provision of men for rotation in Korea and Europe at certain dates; and,

(5) the build-up of forces in Canada.

It would be desirable to try to recruit, at about the same time, both the manpower equivalent of a brigade group for Europe and the numbers required as reinforcements and for rotation in Korea and Europe. Some 10,000 men recruited immediately, with a continuous intake at the current rate, would meet all five priorities, including 500 reinforcements a month for Korea. A brigade group should, however, not be sent to Europe unless the reinforcements that might be required in Korea were in hand.

The additional cost of providing a brigade group for Europe and reinforcements was estimated at $36 million for this year. This would be met by deferring the purchase of some U.S. tanks and certain mobilization stores.

He recommended that authority be given to raise as many men as possible for the army in order to provide for the contribution of a brigade group of about 6,000 men to the Integrated Force and for the men required as reinforcements and for rotation in Europe and Korea; that the target for sending this group be set as October or November, 1951, and that the North Atlantic Treaty Organization be informed accordingly; that no announcement, or definite international commitment, be made regarding any fixed date; and that a statement in general terms be made during the debate on the National Defence estimates that the establishment of such a force was being undertaken.

The North Atlantic Treaty Organization had enquired what forces member countries could allocate in the immediate future to the Integrated Force, under present circumstances and also in the event of a general war. A draft reply, dealing with Canadian army and air force contributions had been prepared for consideration and he recommended its approval.

An explanatory memorandum was circulated.

(Minister's memorandum, April 10, 1951 — Cab. Doc. 97-51)†

4. *Mr. Claxton* stated that the method of obtaining the equivalent of a brigade group for Europe and the men required for reinforcements and for rotation would be the formation of additional active units to be raised by reserve units. It would be possible to designate certain reserve units — say, an infantry unit in the Maritimes, an artillery unit in Quebec, a rifle unit in Ontario; and a highland unit in British Columbia — and appeal to all like reserve units for support in the raising of the active units. It was expected that the reserve associations would give enthusiastic support to such a scheme. An alternative under consideration was the formation of three new active regiments — highland, fusilier and rifle — and an appeal to like reserve units to provide companies for these regiments.

A "special force" would not be formed for Europe. It would be announced that the army was to be further expanded and, as at present, the appeal would be for recruits to assist in meeting Canada's United Nations and North Atlantic Treaty obligations.

5. *The Minister of Labour* thought that the reserve army might raise objections to the formation of new regiments. As an alternative, reserve brigades might be made responsible for raising the necessary sub-units.

6. *The Minister of Citizenship and Immigration* suggested that formation of three new regiments might lead to the difficulty that, if the Korean war ended after their formation, Canada would, in effect, have two fairly large forces, one of which might be unemployed.

7. *The Prime Minister* said that it would be undesirable to make a definite commitment for the simultaneous maintenance of a brigade group in Korea and one in Europe in present circumstances. Otherwise, if insufficient recruits came forward, it would be necessary to consider a new manpower policy which would raise serious difficulties except in a general emergency. At the same time, an indication that Canada would not make any army contribution to the Integrated Force before the commitment in Korea was discharged would have an adverse effect on the development of that force. It might be desirable to recruit 6,000 men now without any definite commitment regarding Europe, so as to avoid possible embarrassment in maintaining two brigade groups. Even if the Korean war continued, however, it appeared essential to contribute some token force to the Integrated Force by the end of the year.

It was understood with the Americans that, if purchase of some tanks were deferred, they would nevertheless be available for Canada at a later date.

8. *Mr. Abbott* agreed that there should be no firm commitment regarding Europe for the present and considered the plan to recruit 6,000 men reasonable, partly in view of the fact that some members of the Special Force would only be serving for a total of eighteen months.

9. *The Secretary of State for External Affairs* pointed out that, while there was an undertaking to have a Canadian force available for Korea or elsewhere in the interests of the United Nations, there was no firm commitment to allocate a Canadian army formation to the Integrated Force before July, 1954. Difficulties lay ahead. One was that NATO was considering the question of expediting allocations of forces to the Integrated Force. Again, once a start was made on recruiting new

units, it would be considered that these were being raised for Europe. There would, therefore, be pressure for statements as to progress in developing an army formation for Europe. This could lead to serious embarrassment as he was not too optimistic about the possibility of raising by present methods all the men now proposed.

He agreed that it was necessary to send at least a token force to Europe before the end of the year and considered that the 25th Infantry Brigade should be withdrawn from Korea just as soon as this proved feasible. If the war ended in Korea, it should not be required to remain there during the period of reorganization. It should, rather, be the responsibility of the eastern countries to provide forces during that period.

10. *Mr. Harris* believed that, in the interests of obtaining as many recruits as possible, it would be preferable to enlist the additional men proposed by the Minister of National Defence for a period of eighteen months rather than the normal three years.

11. *The Cabinet*, after further discussion, noting the proposals of the Minister of National Defence regarding Canadian army and air force contributions to the Integrated Force and Korea, agreed that:

(a) the Department of National Defence take steps to raise for the army as many men as possible, through the reserves, in order to provide an additional brigade group or regimental combat team of about 6,000 officers and men, together with the officers and men required as reinforcements and for rotation in Korea and Europe, against the possibility of the government deciding at a future date to send an army formation to the Integrated Force; the department to bear in mind the possible desirability of eighteen-month enlistments to facilitate recruitment of these men;

(b) it would be desirable to contribute at least a token army formation to the Integrated Force by the end of 1951; the feasibility of such a course to be considered further at the appropriate time;[14]

(c) the aim should be to have the brigade group sufficiently prepared by October or November, 1951 to permit its despatch to the Integrated Force, if desired;

(d) no announcement or commitment should be made regarding any definite date for the preparation and despatch of an army formation to the Integrated Force;

(e) an announcement would be made in the House of Commons that it was proposed further to expand the army by the formation of additional units and that there was still the intention to contribute a brigade group to the Integrated Force when circumstances permit;

(f) the proposed reply to the North Atlantic Treaty Organization enquiry regarding the timing of allocations or army and air force contributions to the Integrated Force was satisfactory provided: section (1)(a) were amended to indicate that provision of a brigade group to the Integrated Force would depend on events in Korea; section (1)(b) were revised to indicate that the first three Canadian squadrons in the

[14] Voir le document 396./See Document 396.

United Kingdom would be available for the Integrated Force in 1953 rather than 1952; and the last sentence of section (2)(a), referring to four divisions in training during the year following D-Day, were deleted; and,

(g) it would be desirable for the 25th Infantry Brigade to be withdrawn from Korea at the earliest suitable opportunity.

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376. 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

CABINET DOCUMENT D-279 [Ottawa], April 11, 1951

SECRET

FUTURE POLICY REGARDING CANADIAN MUTUAL AID

1. As Canadian mutual aid funds have now been fully earmarked or committed, a stage has been reached where there is a general need for consideration of future Canadian policy regarding mutual aid. Moreover, as Mr. H.R. MacMillan will next week be taking up his duties as Canadian member of the NATO Defence Production Board, there is an urgent need for decisions to serve as a basis for instructions to him regarding Canadian participation in the defence production programme of that Board. In the circumstances, the Panel on Economic Aspects of Defence Questions has been giving consideration to these matters.

2. Under the Defence Appropriation Act of September, 1950, $300 million were appropriated for the following purposes:

"(a) The production, acquisition, repair and provision of equipment, services, supplies and facilities for the naval, army and air Services of the Canadian forces and the armed forces of any party to the North Atlantic Treaty, and the construction, improvement and repair of facilities, and the acquisition, processing and storage of materials, supplies and equipment, required to produce or otherwise make available as, where and when required, any such equipment, supplies, services or facilities.

(b) The transfer of Defence equipment or supplies and the provision of services or facilities for defence purposes, by Canada to any of the parties to the North Atlantic Treaty. The estimated present value of such equipment or supplies shall be charged to this appropriation and a corresponding amount shall be paid into a special account in the Consolidated Revenue Fund which may be used at any time to purchase equipment or supplies for the naval, army or air services of the Canadian services."

3. A further $61,383,108 have been included in the National Defence estimates for 1951-52 to be used for similar purposes.

4. These funds, totalling $361,383,108, have been earmarked or committed as follows:

1950-51

Direct Aid Items from existing stocks

Armament and ammunition for a division to the Netherlands	$56,750,000	
Armament and ammunition for a division to Belgium	56,750,000	
Armament and ancillary stores including ammunition, with some minor substitutes of particular weapons, to Italy	50,000,000	
100 AA Guns, ammunition, etc. (P.C.942 of March 2, 1951)	31,245,000	
24 25-pounder guns to Luxembourg (P.C. 797 of February 13, 1951)	672,216	
TOTAL		$195,417,216

1951-52

Aircrew training	55,806,164	
Direct Aid Items from new production		
1. 300 radar sets (P.C. 203 and 204 of January 12, 1951)	25,000,000	
2. Artillery*	2,500,000	
(600 4.2" Chemical mortars		
2400 3.5" rocket launchers		
180 155 mm. Howitzers with carriages)		
3. Walkie-Talkies*—45,000 sets	5,480,000	
Transfers from existing stocks		
1. 300 3.7" AA guns (Cabinet, March 21, 1951)		
2. Signals equipment*		
3. Balance of Field Equipment*	77,179,728	
TOTAL		$165,965,892
GRAND TOTAL		$361,383,108

* General Cabinet approval was given to the artillery and walkie-talkie programmes and to the transfer of signals equipment and the balance of the field equipment when the Four Year Defence Programme was approved on February 22, 1951.

5. There is thus no financial provision for any further mutual aid to NATO during 1951-52 beyond that already planned. At the same time, the possibility of Canada producing 392 F-86 airframes for the United Kingdom has been under discussion for some months with the United Kingdom and the United States, who were informed that the Canadian Government would be prepared to give this important question further consideration, provided they arranged to furnish the necessary engines and other components and the Standing Group recommended allocation of the airframes to the United Kingdom. Should it prove feasible and desirable to proceed with the production of these airframes, an additional $81 million will be required over a period of about two years. Again, it is not unlikely that the Standing Group will recommend additional NATO aircrew training in Canada and the United States. In any case, a further sum of about $29.7 million will be required in the years after 1951-52 to complete the financing of the above radar, artillery and

walkie-talkie production programme, as well as a further estimated $118 million to complete the financing of the NATO aircrew training programme between April 1, 1952 and March 31, 1955.

6. The following additional factors are relevant to the consideration of the provision of Canadian mutual aid beyond that already planned:

(a) while, in the summer of 1950, it was thought that Canada could contribute most effectively to NATO by increasing its defence production capacity, the country is now committed to a fairly sizeable military programme and its defence production programme is geared to this military programme;

(b) the U.S. dollar content of Canadian defence production is of increasing importance since Canada's deficit overall on current account was about $300 million for the calendar year 1950 and may increase to something like $480 million for 1951. Any additional production may therefore have to be devoted to earning U.S. dollars;

(c) Canadian industry is fairly fully employed;

(d) manpower problems are becoming more acute in special fields;

(e) basic materials such as steel, certain ferro-alloys, etc., are in short supply;

(f) in general, it is desirable for Canadian industry to concentrate on producing types of equipment being used by the Canadian forces;

(g) the fiscal impact of the defence programme is such that the Government considers that there would be difficulties in expanding the programme in 1951-52 unless there were some new urgency;

(h) the fiscal, manpower and material requirements of the defence programme (apart from mutual aid) are likely to be greater in 1952-53.

7. There are, however, certain other factors that have to be taken into account. First, as a result of the decisions reached by the Government last summer, Ministers and also Canadian representatives in NATO agencies gave definite indications that $300 million had been appropriated for the primary purpose of enabling Canada to make appreciable contributions from its productive capacity to the security of the NATO area. It would therefore come as a distinct surprise to other NATO countries if it were now indicated that Canada was abandoning this sort of policy for the future.

8. Again, it will be noted that, contrary to original expectations, the major portion of Canadian mutual aid funds has been spent on replacement of equipment and that what has occurred is that, under the provisions of Section 3 of the Defence Appropriation Act, 1950, Canada has carried out what is primarily a major programme of conversion of its own Army equipment, and had only devoted some 9% of the programme up to the end of 1951-52 to mutual aid from production.

9. Finally, the NATO countries have recently established the Defence Production Board, whose function is to co-ordinate the production effort of member countries with a view to obtaining, as efficiently and rapidly as possible, the equipment required to arm the deterrent forces. It is not improbable that, from time to time — partly in view of the indications that have been given of Canadian policy — the Board will wish to make proposals for further Canadian production assistance

(including possibly proposals for standby production for U.K.-type equipment in Canada and the United States). In the circumstances, it would clearly be difficult for Mr. MacMillan simply to take the stand that henceforth no such recommendations should be made to Canada because all available Canadian funds are now committed. Canadian representatives on the Council Deputies and other NATO agencies will be in the same position with regard to proposals for these and other forms of Canadian mutual aid.

10. It would therefore appear undesirable for Canada to refuse to give consideration to proposals for additional mutual aid. At the same time, it should not be necessary for Canada in all cases to assume the full cost of additional aid from Canadian production. For instance, there might be cases like that of the proposed F-86 production programme, in which Canada, the United Kingdom and the United States could possibly share the costs, Canada providing the airframes, the United Kingdom the engines and the United States other components. There may also be cases in which it would be reasonable to attach some price to additional aid from production. For example, the going European cost could be charged and the difference between that and the Canadian cost might be absorbed by Canada. Alternatively, arrangements could be made whereby the additional costs of producing for NATO countries an item under production for the Canadian forces could be charged to NATO recipients.

11. In the light of the foregoing considerations, the Panel on Economic Aspects of Defence Questions recommends that Mr. H.R. MacMillan and other Canadian representatives in NATO agencies be informed that:

(a) The Canadian funds approved specifically for mutual aid in 1951-52 are either earmarked or committed; as regards production, even if Canada placed additional mutual aid orders now, they would yield little additional production before 1952-53; and the foreign exchange and fiscal impact of the current Canadian defence programme (including mutual aid) is such that it would be difficult to expand the programme for 1951-52, unless, of course, some new situation arose calling for a still greater sense of urgency. Except in the case of the F-86 airframe project which is already under discussion with the United Kingdom and the United States, they should, therefore, discourage proposals for additional mutual aid to be provided in 1951-52.

(b) They may indicate, when proposals are made for additional Canadian mutual aid, that the government is prepared to consider proposals for the provision of additional mutual aid in 1952-53 (without implying any undertaking as to its decisions) including in particular — on the production side — proposals that would fit in with the Canadian defence production programme. In view of the time required to accomplish production, proposals for production in 1952-53 would have to be received at an early date.

(c) They should indicate at the same time that there may well be cases in which, owing to the impact of the current defence programme, the Government will consider it necessary to attach a price covering at least a proportion of the cost of such additional aid.

(d) They should make it clear to recipients of Canadian stocks of U.K.-type equipment that production of replacement parts will not generally be available in Canada and that they should look to U.K. production as the source for their normal requirements of spare parts; and that Canada does not contemplate establishing standby production capacity for U.K.-type equipment, although the Government would be prepared to give further consideration to this matter in the event of competent NATO agencies deciding that there was a strategic need for such capacity.

(e) They may indicate that the Canadian Government will be glad to provide facilities to NATO countries wishing to purchase additional military equipment in Canada, including the placing of any direct government orders with Canadian industry.

12. The question of payment for services and equipment provided to Canadian forces by other NATO countries is dealt with in a separate paper.

N.A. ROBERTSON

377. PCO

Note du ministère des Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Department of External Affairs to Cabinet Defence Committee

CABINET DOCUMENT D-280 Ottawa, April 16, 1951

SECRET

PAYMENT FOR FACILITIES AND EQUIPMENT PROVIDED FOR CANADIAN ARMED FORCES BY OTHER NATO COUNTRIES

1. A separate memorandum deals with the future of Canadian "mutual aid" — i.e. the equipment and facilities provided by Canada for the use of other NATO forces. This paper deals with the provision by other NATO countries of equipment or facilities for the use of the Canadian armed forces.

2. This question may be dealt with in two parts. The first is provision of facilities for the integrated forces stationed in Europe, of which Canadian forces will form a part, and the second is the provision of actual equipment.

3. It would be quite unrealistic to expect that European countries will be shipping arms across the Atlantic to North America when Europe is in the front line of attack. Since all NATO countries are pooling their efforts in the common defence it becomes impossible to say which country benefits most when one country "gives" arms or the use of defence facilities to the troops of another. Canadian forces overseas may make use of facilities provided by other NATO countries; but these will for the most part be provided through a system of pooling, rather than in the form of direct "gifts" or "mutual aid" to Canada.

4. The NATO military commands, of which that under General Eisenhower will be much the most important, will have to make heavy expenditures on the Conti-

nent on central and regional headquarters, on military communications, on military air fields, on special transportation facilities, and the like — expenditures which have recently come to be known as "infrastructure" for the Forces.

5. While the proposal is that there will be pooling of the costs of some of these items among all NATO countries, France and Belgium and other countries where these facilities are erected, may well be expected to put up extra money for them because of their peacetime residual value. Canada will, of course, be expected to contribute to infrastructure on some basis yet to be agreed, but the Canadian contribution will be a very small part of the total.

6. Thus, although the concept of infrastructure and its financing has not yet been fully worked out, it seems likely that when Canadian armed forces go to the Continent some of their facilities will be provided through NATO (though never, of course, running costs such as pay and allowances, food, etc.). On the Continent, certain operational airfields, harbour facilities, intra-allied communication systems may be made available through infrastructure to Canadian armed forces. No question will arise about Canadian payment for these facilities apart from the Canadian contribution toward general NATO infrastructure, with the probable exception of some additional facilities which may be built for the exclusive use of Canadian forces.

7. Are the Canadian forces likely to obtain any *equipment* from Continental European countries? It seems unlikely that they will obtain much equipment from this source. Our forces will probably be stationed principally in Germany. All of Europe's production of arms is badly needed within Europe. Moreover, the Canadian forces are turning over to U.S.-type equipment and are likely to look to the United States rather than overseas for their needs.

8. If, nevertheless, small quantities of equipment, or parts or assemblies for it, are needed from Europe, it would seem advisable for Canada to pay for them, rather than accept them as gifts, even if they were offered. A strong case can be made out against accepting any "aid" from abroad. During World War II Canada was scrupulously careful to avoid any obligation to the United States which might result from accepting lend-lease aid. Canada kept purchases and sales of equipment of a cash basis with the United States; and equipment is more likely to be properly valued and used if it is paid for, rather than accepted as a gift. As for Canada's present relations with other NATO countries, statistical comparisons of the estimated financial and economic "burdens" of the various countries are already being prepared, and if Canada accepts "aid" from abroad its showing in such comparisons will be poorer. Further, the efforts that Canada is making will become blurred.

9. What has been said about paying for facilities and equipment obtained in Continental countries for Canadian forces applies in general in the case of the United Kingdom. It would seem that any equipment obtained from the United Kingdom should be paid for (except in the case of minor exchanges of equipment between the armed forces of the two countries). However, exceptional cases may arise in which the United Kingdom may be willing to provide some facilities and services. Canadian forces may make use of barracks, airfields, etc., which have been put up by the United Kingdom for their own defence, and which are not part of the NATO

"infrastructure". The United Kingdom may from time to time be willing to provide these without charge, and it would in general seem desirable to accept them. It is suggested, however, that Cabinet Defence Committee would wish to review each proposal of this sort on its own merits before it is accepted.

10. It is assumed that, as in the past, all transactions with the United States regarding equipment and use of facilities should as far as possible be conducted on a cash basis.[15]

378. 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, April 16, 1951

CABINET DEFENCE COMMITTEE — APRIL 17
FUTURE CANADIAN MUTUAL AID POLICY

The principal intention of the attached paper[16] is to place our present position before Cabinet and seek guidance as to future intentions, particularly for the benefit of Mr. H.R. MacMillan, who will shortly be leaving for London to take up his position as Canadian Representative on the Defence Production Board. The fact is that the cupboard is almost bare. Mutual aid is running dry before a production programme has got more than well started, because the Canadian Army's programme of converting from U.K. to U.S. type equipment has been speeded up and extended so that most of the mutual aid appropriations have, in effect, gone to finance replacements of U.S. type equipment for the Canadian Army. The urgency of getting arms to Europe was great and the pricing policy can be justified by the precedent of the U.S. mutual aid programme which has taken replacement value as the yardstick for estimating the value of equipment given away, but it has, as you will see from a personal letter from Mr. Wilgress of April 7 to me, attached, led to some doubts being raised as to whether the equipment given away has been fairly evaluated (Mr. Wilgress' letter has, of course, not been circulated to Cabinet Defence Committee). In the circumstances, public statements about Canada being "the arsenal of democracy" should perhaps be soft-peddled unless the Government is going to extend the mutual aid programme. Certainly we may expect further pressure from our allies to make greater efforts and if money is easier to raise in Canada than men, an additional mutual aid programme may be one way of meeting this sort of pressure.

The policy recommendations of the Panel are contained on page 5 of the memorandum. They are not particularly inspiring; it was only after a good deal of argu-

[15] Les recommandations ont été approuvées par le Comité du Cabinet sur la défense, le 17 avril 1951.
The recommendations were approved by the Cabinet Defence Committee on April 17, 1951.
[16] Document 376.

ment, however, that we were able to make the paper as positive as it now is. The paper was originally drafted in the Department of Defence Production and presumably Mr. Howe will introduce the discussion under this item.

A.D.P. H[EENEY]

379. 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], April 17, 1951

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I. FUTURE POLICY REGARDING CANADIAN MUTUAL AID

1. *The Minister of Trade and Commerce* said that the Panel on Economic Aspects of Defence Questions had made a report on the question of future policy regarding Canadian mutual aid. Funds for mutual aid totalling $361,383,108 had been fully earmarked or committed for expenditure by the end of 1951-52 as follows: transfers of stocks of U.K.-type equipment — $272,596,944; aircrew training — $55,806,164; and aid from new production — $32,980,000. While there was no financial provision for any additional aid in 1951-52, it might prove necessary to consider production of F-86 airframes for the United Kingdom at a cost of $81 million over 2 years; the Standing Group might recommend additional NATO aircrew training in North America; and, in any case, between April 1, 1952 and March 31, 1955 an estimated $147.7 million would be required to complete the above approved aircrew training and production programmes.

Among several limiting factors relevant to the question of possible aid in excess of the $361 million already earmarked, were the considerations that Canadian production was now geared to a fairly sizeable defence programme; that, with an increasing U.S. dollar problem, any additional Canadian production might have to be devoted to earning U.S. dollars; and that the fiscal impact of the defence programme (including mutual aid) was such that the government had indicated that there would be difficulties in increasing the programme in 1951-52.

There were, however, other factors. As Canada had been on record since August, 1950, as planning appreciable contributions to NATO from its productive capacity, an indication of abandonment of this sort of policy for the future would come as a surprise to NATO countries. Canada had carried out as "mutual aid" what was primarily a major programme of conversion of its own army equipment, earmarking only 9% of relevant funds for aid from production. Again, the new NATO Defence Production Board would be likely to make proposals for further Canadian production assistance. It would, therefore, be difficult for Canadian representatives in NATO agencies simply to take the position that, as present Canadian mutual aid funds were earmarked, no further recommendations should be made to Canada for mutual aid.

In the circumstances, the Panel had recommended that Canadian representatives on NATO bodies be informed of the following points, *inter alia*:

(a) they should discourage proposals for additional Canadian mutual aid to be provided in 1951-52 — except in the case of the F-86 airframe project;

(b) they may indicate, when proposals for additional aid are made, that the government would consider proposals for the provision of such aid in 1952-53; that such proposals relating to production should be received soon; and that there may be cases in which the government will consider it necessary to attach some price to additional aid;

(c) they should indicate that production of replacement parts for U.K.-type equipment stocks transferred by Canada will not be generally available and that, for the present at least, Canada is not planning standby production capacity for such equipment;

(d) they may indicate that the government would provide facilities to NATO countries wishing to purchase additional equipment in Canada.

An explanatory memorandum had been circulated.

(Panel Chairman's memorandum, April 11, 1951 — Cabinet Document D-279)

2. *The Secretary of State for External Affairs* wondered what should be the next step in view of the fact that all mutual aid funds were earmarked, that requests might be received for F-86 airframe production for the United Kingdom, increased NATO aircrew training and other aid, and that funds would anyway be required in future years to continue the approved aircrew training and production programmes. Canadian representatives in NATO agencies would be in some difficulties in view of the fact that, while there had been statements that Canada would serve as an arsenal of democracy, only 9% of the aid programme was being devoted to aid from production.

3. *The Minister of Finance* said that, during 1951-52, any additional mutual aid would have to come out of the $1,875 million approved for expenditures on defence and mutual aid in that year. In subsequent years, there would presumably again be an overall ceiling, within which there would be funds for mutual aid. In the meantime, there was ample time to consider what proportion of a ceiling figure should be devoted to mutual aid in future years.

4. *The Prime Minister* said that Canadian representatives in NATO agencies should take the position that Canadian resources and mutual aid funds were committed up to the end of 1951-52; that this did not mean that Canada was abandoning a policy of aid, but rather that it had been willing to plan its aid programme right up to the end of the fiscal year now only beginning; that Canada would be willing to consider proposals for additional mutual aid in the light of conditions at the time they were received; and that additional aid expenditures in 1951-52 were most unlikely, although there might be some possibility of making re-adjustments within the approved financial ceiling.

5. *The Chairman, Chiefs of Staff Committee* said that the Chief of the Air Staff, with his opposite numbers from the United Kingdom, the United States and France, would shortly be attending meetings in Washington, at which the main topics of

discussion would be increased aircraft production and aircrew training facilities. It would be helpful for Air Marshal Curtis to have an indication of the government's position on these two questions.

6. *The Acting Chief of the Air Staff* said that at these meetings the Chief of the Air Staff, R.A.F., might ask the Chief of Staff, U.S.A.F., to defer the build-up of some of his squadrons and thereby release engines and components, so that the R.A.F. might obtain F-86's under the proposed arrangement whereby Canada would produce F-86 airframes.

7. *Mr. Howe* thought that, in view of the discussions that had been held with the United Kingdom and United States authorities regarding Canadian production of 392 F-86 airframes for the United Kingdom, it would probably be desirable to find the funds to carry out this project if these countries could arrange to provide the necessary engines and components. Most of the expenditures involved would fall in 1952-53. Any cash required in 1951-52 would, of course, have to come out of the $1,875 million approved for expenditures on the defence and mutual aid programme for the year. Possibly some of the airframes being made for the R.C.A.F. could be given to the United Kingdom.

8. *The Minister of National Defence*, while agreeing that some part of the defence-mutual aid programme for 1951-52 might have to be deferred to permit initial expenditures on airframes for the United Kingdom, said that, in view of the importance of the build-up of the R.C.A.F., this deferment would have to take some form other than that of a transfer to the R.A.F. of airframes on order for the R.C.A.F.

It should be made clear that the resources of the R.C.A.F. were too heavily committed to permit acceptance of any proposals for additional NATO aircrew training in Canada in the near future, unless either (a) other countries were prepared to provide the manpower, equipment and other resources that would be required in Canada for such additional training, or (b) there was a corresponding reduction in some other part of the programme.

9. *Mr. St-Laurent* agreed that it should be indicated that the R.C.A.F.'s training facilities and funds were fully committed but that, if other countries wanted to provide the requirements of a larger training scheme in Canada, the government would be prepared to discuss the matter.

10. *The Secretary to the Cabinet* suggested that the problem of additional NATO aircrew training raised the question of the relative priorities that should be attached to the projects now contemplated in the defence-mutual aid programme as against such possible projects as additional NATO aircrew training. It might well be determined that it would be useful for Canada to undertake additional training and to defer some other portion of the programme. There should, therefore, perhaps be a readiness to consider proposals for alternative Canadian efforts.

11. *Mr. St-Laurent* said that, in view of this consideration, he thought that Air Marshal Curtis might indicate a willingness on the part of the government to examine proposals for additional air training, without implying any undertaking to accept such proposals.

12. *Mr. Abbott* said that purchases of army equipment in the United States would account for a large part of the increased U.S. dollar deficit expected in 1951-52. The U.S. dollar content of the defence-mutual aid programme for that year was likely to total some $350 million. While standardization on U.S.-type equipment was desirable, it was likely to mean a continuing drain on Canada's U.S. dollar resources since U.S. rather than Canadian production would continue to be the economical source for Canadian purchases of many items of U.S.-type equipment. There was therefore a need for substantially increased U.S. defence purchases in Canada.

13. *Mr. Howe* said that several U.S. defence orders were being placed in Canada and that there were grounds for hope that such orders would increase to the point of compensating for a substantial proportion of the U.S. dollar content of the Canadian defence-mutual aid programme.

14. *The Committee*, after further discussion:

(1) approved the draft instructions on Canadian policy regarding mutual aid, prepared by the Panel on Economic Aspects of Defence Questions, on the understanding that Canadian representatives on NATO agencies would be asked to bear in mind, in connection with instruction (a), that the government would not refuse to consider proposals for alternative forms of aid in 1951-52, or proposals for additional aid in 1951-52 which could be accommodated within the approved defence programme;

(2) agreed that, in his forthcoming discussions in Washington, the Chief of the Air Staff should indicate that

(a) resources and funds for the 1951-52 defence and mutual aid programme are now fully earmarked;

(b) the government would be prepared to consider proposals for the initiation in 1951-52 of production of F-86 aircraft for the United Kingdom, if the United States and the United Kingdom could arrange to provide the engines and other components (provided such plans could be fitted into the approved defence-mutual aid programme);

(c) it appeared most unlikely that Canada could undertake in the near future any NATO aircrew training beyond that now planned, unless either (a) other countries were prepared to provide the means required for such additional training, or (b) there was a corresponding reduction in some other part of the programme — although the government would not refuse to consider such proposals as might be put forward on this question.

380. DEA/50030-D-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 1135 London, May 8, 1951

SECRET

CANADIAN DEFENCE PRODUCTION FOR NATO

Following for the Right Honourable C.D. Howe from MacMillan, Begins: For your general information, and subject to unforeseen opinions from other NAT countries, the position respecting Canadian defence production for NATO in main categories of military equipment seems to be:

(a) *155mm Howitzers*

DPB is assessing genuine need. The United States delegation in commenting on DPB proposals for 155mm howitzers have said they concur in Canada producing United States types to help meet European deficiencies (DPB Sec. Memo 114 of April 26th, copy of which is being sent by airbag).† Acting under authority of your telegram No. 773 of May 5th,† we will accept board's recommendation for reference to you, if one is forthcoming. We hope to be able to report within a few days.

(b) *F86 Airframes*

We will await any instructions you may wish to give re raising question with the United Kingdom after Washington meeting of Air Chiefs.

(c) *AA No. 4 Mark VI Radar*

As soon as you confirm the allocation of 300 sets as recommended to you by the Standing Group (telegram CSC1430 from Secretary CSC Ottawa of April 12th refers)† we will notify Defence Production Board. Once the allocation is decided there will remain to be settled the apportionment of deliveries to recipients. Will this be done through Standing Group or Defence Production Board machinery? Purchase of additional sets is now under consideration by United Kingdom and answer is expected shortly. Value of and need for this item makes it suitable prospect for aid in 1952-1953 if you are interested. Further information on the radar position in NATO is expected to emerge from recent group of experts meeting which Colonel Waldock attended as Canadian representative. We shall report on this later.

(d) *Walkie Talkies*

Apparently there is considerable deficiency in several NAT countries for this item, for aid or perhaps some sale, but awaits demonstration and acceptance. Therefore, it is advisable to expedite clearance for demonstration. Canadian Joint Staff, London, are now working on this. After demonstration, if any countries need these sets we suggest that discussions re supply as aid or sale be discussed through this board in order to avoid confusion.

(e) *Military Vehicles*

Estimated deficiencies of continental European members of NATO are:

	DEFICIENCIES		
Country	Jeeps	3/4-1 Ton Trucks	2½-3 Ton Trucks
Belgium	7290	5058	8371
Denmark	1123	941	499
France	50521	44982	77937
Italy	123	2183	16388
Luxembourg	185	361	330
Netherlands	9192	2852	10170
Norway	6061	4609	10073
United Kingdom		1227	
	74495	62213	123768

There is idle capacity in Italy and France but various factors, such as financial limitations and type acceptability will probably cause delays in bringing these into use. Quite large quantities of United States vehicles have been given to Europe and spare parts supply is being arranged. Our three proposed types probably are suitable for military use in deficient countries, particularly if our spare parts are interchangeable. United States are expected to swing emphasis from end-item aid in this category to material and tool aid in order to help increase production in Europe. If you are interested these items might be suitable for future aid.

(f) *Naval Craft*

There is idle production capacity in Europe which could be utilized to meet their requirements of minesweepers and destroyer escorts, and DPB is at present investigating possibilities of expanding production. We are not aware if it might suit Canada to supply items in ship-building category, and if so, for what years of delivery. The question of utilizing Canadian productive capacity to meet deficiencies of European member countries might arise in the future, particularly if plans to utilize European capacity are not fulfilled.

2. In considering the question of additional and future mutual aid from military production to NAT countries we are assuming that the following conditions should apply:

(a) That aid should be in the form of fighting equipment.

(b) That United States dollar content should be at a minimum.

(c) That we should assist in meeting serious deficiencies in European member countries which cannot ordinarily be met from European production.

(d) That manufactured equipment should come from Canadian production lines set up to meet the needs of Canadian armed forces.

(e) That if possible, it is preferable that the product should be typically "Canadian".

(f) That Canadian aid should be coordinated with the end-item aid programme of the United States.

3. If Canada contemplates aid in the next or following fiscal years, we consider that in the field of military equipment, air craft, electronics, cargo vehicles, and possibly shipbuilding, come closer than others to meeting the conditions above. Should we concentrate our attention on these categories? In aircraft and electronics there are serious deficiencies and inadequate production capacity (for radar in the electronics field) in European member countries. In vehicles and shipbuilding there are serious deficiencies and also adequate ultimate capacities in European member countries but the capacities cannot be brought into production soon enough to meet the need within three years. As has been reported previously, the board is working now to step up production in Europe but there will be inevitable delays in setting up new production lines and capacities will not in all cases be fully utilized.

4. I have not mentioned guns because we do not yet see that need is critical excepting the howitzers now under consideration, and do not know if you are interested for the next two years.

5. Generally speaking, it appears unlikely that any NAT country will pay full cost or any substantial part of the cost of any items, the reason being the scarcity of dollars and the fact that the main limitation on their defence programmes is financial. The only possible exceptions are the United Kingdom and Belgium which, in our opinion, might make some payment for some special items.

6. I believe that the DPB are unlikely to recommend what Canada should do in the way of supplying end-item aid to other NAT countries, and that they are leaving it to us to make suggestions as to what we would be prepared to do. This gives us an opportunity to work out proposals which will fully or partially meet the conditions set out in para 2 above, and at the same time serve the Canadian interest.

7. I have learned with some surprise that the board is not kept informed of United States policies and plans for aid. Since this is the biggest factor in rearming Europe and stepping up European production, the work of the board is handicapped and is in a distinctly subsidiary position. Mr. Herod has, I think, impressed on the United States delegation the importance he attaches to the United States bringing their aid programme into closer relationship with the board and its functions.

8. The foregoing, if the opinions and conclusions are well founded, narrows the field and influences the policy of future aid. This message is sent as a preliminary and tentative assessment of the situation following upon study of the Cabinet Defence Committee's instructions to me. To accomplish the objective of the medium term defence plan deliveries within two years are more important than subsequent deliveries, on the assumption that European and American production should then be established. Before exploring further these possibilities we would appreciate your corrections, comments, or instructions. Ends.

381. DEA/50030-D-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 859 Ottawa, May 21, 1951

SECRET

Following for H.R. MacMillan from Right Honourable C.D. Howe, Begins: Your Telegram No. 1135 Canadian Defence Production for NATO.

Thank you for your helpful summary. Our present thinking with respect to the categories of equipment which you mention is as follows:

(a) *155 mm. Howitzers.* We are awaiting the recommendation of the DPB concerning Canadian production.

(b) *F86 Airframes.* At the recent Washington meeting of the Chiefs of Air Staff a statement was made by the Canadian delegation that our airframe capacity could be built up to a monthly production rate of 120 by October 1953. The use of this airframe capacity for NATO is dependent upon suitable arrangements being made for financing extra production and upon the provision of GFP's including engines by the United States. A further meeting is being held in June with Eisenhower at Paris. We expect that this will result in an increased allocation of GFP's to Canada. However, the needs of the R.C.A.F. even in relation to anticipated increases in GFP's are such that no aircraft would be available for NATO in the current fiscal year. Any proposals for mutual aid with respect to 392 F86 airframes for the U.K. could be dealt with on the basis of existing policy, as laid down in the Cabinet Defence Committee Memorandum of April 11th. However, for any quantities in excess of this, the matter would have to be given entirely new consideration by Cabinet.

(c) *AA No. 4 Mark VI Radar.* A decision from Cabinet regarding the recommended allocation of 300 radar sets is expected shortly. Whilst we hold no very strong views our thinking here is that the Standing Group should apportion deliveries. However, before making any statement to this effect in the Defence Production Board we suggest you consult Wilgress. We are very much interested in producing additional sets for sale to the United Kingdom (see telegram 620 April 14th).† We await with interest the report on heavy AA radar requirements. Enquiries have been received from friendly non-NATO countries for these radars and replies are delayed pending examination of the report. With regard to the possibility of offering this item as mutual aid in 1952/53, so far we are only prepared to offer the 300, and as you are aware, this will involve some expenditures in 1952/53. However, if the DPB recommends that Canada supply more of this equipment in future years, we will of course give such recommendations full attention when considering any further aid programme.

(d) *Walkie Talkies*. We are tooling up for 50,000 sets and deliveries are expected to commence in March or April 1952. The first 5,000 are required by the Canadian Army. A statement regarding European requirements for this set together with your comments on the prospects for sale would be useful. The presently estimated cost is $300 per set but the figure may run considerably higher due to increasing costs. We agree that discussions leading up to a decision to produce the sets for aid purposes should be cleared through the Board. The distribution of the sets however, would be a matter to be handled by the Standing Group.

(e) *Military Vehicles*. The estimated American dollar content of the three types of vehicles is between 60 and 70%. On this account, together with the fact that the Transport Vehicles Task Force Report indicated that there was ample capacity in Europe, we do not think that military vehicles can be considered for future aid to Europe at this time. This holds as long as the production of military vehicles is on a small scale and is therefore largely an assembly proposition with only partial manufacture involved in Canada. If circumstances altered this, we would be prepared to take another look at production for Europe.

(f) *Naval Craft*. Are we correct in assuming that the DPB will come forward with a proposal that we produce up to 36 minesweepers and 1 destroyer escort (in accordance with the Task Force recommendations), once the Standing Group has clarified the status of the unassigned deficit in ships? A number of fundamental points are raised in such a proposal which would require interdepartmental clearance. However, we do not wish to initiate any study of the problems involved unless you can give us some indication that we are likely to be asked to produce these ships.

2. *Naval Guns*. You mention our possible interest in supplying guns other than the howitzers. Surplus Canadian productive capacity over and above present U.S. and Canadian naval requirements exists for the 3"50 caliber naval gun. We could offer up to 8 per month for sale to the U.K. or other interested NAT countries. If any expressions of interest are received we can supply further details.

3. In paragraphs (2), (3) and (6), you raise a number of points concerning the nature and scope of our future mutual aid programme, with which I am in general agreement. I am, however, asking the Panel on Economic Aspects of Defence Questions to examine these problems in more detail, and a fuller report will go forward to you shortly.

382. 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], May 29, 1951

...

I. PRELIMINARY PROPOSALS FOR FILLING THE GAP IN NATO AIR FORCES FOR EUROPE

1. *The Minister of National Defence* recalled that General Eisenhower had suggested that the Chiefs of the Air Staffs of the United Kingdom, France, the United States and Canada consider and report on the additional national efforts that would be necessary to close the gap between air forces required in Europe by July, 1954 under the approved NATO Medium Term Defence Plan and those that member governments had so far undertaken to provide. In this connection, on April 17th, 1951, Cabinet Defence Committee had agreed that, in considering this question with the three other Air Chiefs, Air Marshal Curtis would indicate that, as resources and funds for the Canadian 1951-52 defence and mutual aid programme were fully earmarked, he was not authorized to make any commitments, although the government would be prepared to consider the longstanding proposal for Canadian production of 392 F86 airframes for the United Kingdom and would not refuse to consider such proposals for air training as might be put forward. The four Air Chiefs had met in Washington from April 30th to May 3rd and had produced a preliminary report on means of closing the gap. They would be meeting in Paris on June 6th to prepare a final report and discuss it with General Eisenhower.

In their preliminary report the Air Chiefs had agreed that NATO air forces in Europe comprising 9,212 first-line aircraft — already approved by NATO as the requirement under the Medium Term Defence Plan — were the absolute minimum required. Since the deficiency amounted to some 3,459 first-line aircraft, they considered that, without major changes in national policies, there was no possibility of producing the approved minimum forces. They had emphasized that, unless the necessary air support were provided, NATO land forces in Europe would be unable to fulfill their role; had pointed out that to operate the approved minimum air forces would involve a large organization of command structures, supply and maintenance units, fuel and ammunition supplies, airfields, depots and signals communications (the infrastructure requirements would be set down at the Paris meeting); and had indicated that the additional first-line aircraft and supporting units needed to close the gap would require an intake of an additional 10,810 pilots between July 1st, 1951 and June 30th, 1953, and the provision of at least an additional 2,410 training aircraft and 28,000 military personnel, together with corresponding schools. The additional pilots would probably have to undergo their combat training in operational squadrons owing to difficulties in producing sufficient first-line training aircraft. Their preliminary estimate was that the Canadian navigator train-

ing programme would be adequate to meet all requirements for navigators, if continued to the end of 1954.

As, during the Washington discussions, none of the Air Chiefs had offered to increase national commitments, Lieutenant-General Norstad, Commander-in-Chief, Central European Air Force, had tabled tentative proposals for a division of responsibilities between NATO countries for filling the gap, based on U.S. estimates of each country's productive and manpower capabilities and on a study made by the Joint American Military Advisory Group. These proposals, which envisaged increased responsibilities for all member countries except Luxembourg, Portugal and Iceland, had been accepted by the four Air Chiefs simply as a basis for study at the Paris meeting.

Acceptance of the Norstad proposals for filling the gap would entail for Canada:

(1) The allocation to the Integrated Force of 12 fighter squadrons with 300 first-line aircraft and 490 aircraft for reserve, etc.; of 12 light bomber squadrons with 192 first-line aircraft and 172 aircraft for reserve etc.; and of 1 long-range transport squadron with 16 North Stars, to be stationed in Canada — as against Canada's present commitment of 11 fighter squadrons with 203 front-line and 587 reserve aircraft;

(2) An intake of an additional 300 NATO student pilots in 1952-53 and an additional 1,000 in 1953-54 — the present commitment being an intake of 743 for each of these years;

(3) The production for NATO countries of 140 F86's in 1952; 450 F86's and 48 CF100's in 1953; 1,220 F86's and 58 CF100's in 1954; no fighter production except for the R.C.A.F. being presently approved;

(4) The production and/or procurement for the R.C.A.F. of:

(a) 364 light bombers, including 192 first-line bombers; no bombers being included in presently-approved plans; and

(b) 400 Harvard trainers, 217 T33 jet trainers and 16 long-range transports, all additional to those in presently-approved plans.

(5) The opening:

(a) by the autumn of 1952, of two additional basic flying training schools and 1 advanced school, these and already-approved Canadian schools training mainly Canadian pilots up to the end of 1952, with most of their intake capacity becoming available for additional NATO trainees in 1953;

(b) of one light-bomber operational training unit for Canadian aircrew, no bomber training units being presently approved.

(6) An increase of 14,120 in R.C.A.F. manpower requirements, bringing total R.C.A.F. requirements to 58,320, and necessitating maintenance of the present recruiting rate of 400 officers a month until April, 1953 (200 a month thereafter) and of the present rate of 1,000 airmen and women a month until April, 1954; 3,557 of the additional personnel required being employed initially in training Canadian and NATO aircrew;

(7) In addition to expenditures on presently-approved plans, R.C.A.F. expenditures of $272.79 million in 1952-53, $358.99 million in 1953-54 and $101.16 mil-

lion in the three months ending June 30th, 1954, plus a share, as yet to be determined, of the infrastructure required by the R.C.A.F. squadrons in Europe. The Canadian Chiefs of Staff had considered the implications of these proposals for increased Canadian air contributions and had agreed that, as there were also gaps to be filled in the NATO ground and sea forces, and present information as to costs — particularly those of infrastructure — was inadequate, it was impossible to make recommendations regarding the proposals at this time.

It was desirable to consider what position Air Marshal Curtis might take at the Paris meeting.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 25, 1951, "Acceleration of NATO Air Force Programmes", and annex (12 pages) — Cabinet Document D284)†

2. *The Chief of the Air Staff* said that during the Washington meeting it had become apparent that most of the additional air training facilities required by European NATO members should be provided in North America. Training in Morocco could only be built up to an intake of 450 by 1953. The R.A.F. was having to build additional flying schools in the United Kingdom, Northern Ireland and Rhodesia, despite the fact that training in these areas presented serious difficulties and that most training units in the United Kingdom and Northern Ireland would have to be moved to North America in the event of a war.

The U.S. authorities counted on having to supply the majority of the 725 additional first-line aircraft which, under the preliminary Norstad proposals, would be manned by NATO countries other than those represented at the Washington meeting, as well as many of the 1,137 additional first-line aircraft which France would man under these proposals. The United States would also have to provide training facilities for an additional 2,060 NATO aircrew in the year ending June 30th, 1952 and for an additional 6,050 in the year ending June 30th, 1953, as against their present commitment of 900 for each of these years.

3. *Mr. Claxton* said that one of the most serious obstacles to increased R.C.A.F. efforts would be the difficulty of obtaining sufficient trained technicians and training personnel, of whom there were already shortages in connection with the approved programme of trebling the R.C.A.F. The manpower implications of the Norstad proposals were serious since they would entail maintenance of a total of some 14,000 R.C.A.F. personnel overseas in addition to a brigade group.

It had been indicated at the Washington meeting that the R.A.F. and U.S.A.F. were hoping that Canada would produce F86 airframes for the United Kingdom as originally proposed, although at a later date. As the defence budget for 1951-52 was now fully committed, it appeared improbable that any of these airframes could be produced during the current fiscal year even if U.S. components became available during that period. Only a minor increase in Canada's NATO aircrew training programme could be accomplished within the presently-approved defence programme.

As Canada was devoting approximately 48% of its defence budget — a greater proportion than that of any other NATO country — to the Air Force, it was difficult

to see how it could undertake additional air commitments for 1951-52 — at least unless more funds were provided.

4. *The Chairman, Chiefs of Staff Committee* said that the Chiefs of Staff considered that there could be no changes or deferments in the various elements of the presently-approved defence programme, in view of financial and manpower limitations and as the programme represented commitments made to NATO.

As there was a serious gap in NATO land forces and a not insignificant gap in naval forces, which would have to be considered in due course, the question of filling the air gap could be more usefully examined when, later in the summer, the Standing Group made recommendations, which it was now preparing, on the overall problem. A difficulty that might arise if the four Air Chiefs submitted a solution for filling the air gap to General Eisenhower was that he was likely to accept the proposals and it might then be difficult for Canada not to comply with them. The machinery that had been established for consideration of such matters was consultation by the Standing Group with the Military Representatives Committee in Washington.

The U.S. authorities seemed to be delaying offers to contribute towards closing the gap in the hope that other countries would offer substantial contributions. Under the Norstad proposals, for instance, the United States would provide only an additional 396 manned first-line aircraft, while Canada would be expected to provide an additional 289.

5. *The Secretary of State for External Affairs* considered the Standing Group the competent authority to prepare recommendations of the type in question and thought that consideration of possible contributions to close the air gap should be deferred pending examination of the Standing Group's recommendations later in the summer.

6. *Air Marshal Curtis* said that General Eisenhower had wanted the current study to be made by the Standing Group. It had, however, been felt desirable to have a representative of the one non-Standing Group country that had significant potentialities on the air side participate in the study and that the Standing Group could not invite such Canadian participation without also inviting representatives of NATO countries which were of far less importance on the air side. It appeared to the right and duty of the Supreme Commander, under his terms of reference, to make recommendations to the Standing Group with regard to his force requirements, and to be in order for him to ask the four Air Chiefs to make a report in this connection. The reason why the study had been undertaken in this way was that General Eisenhower had become very concerned at the failure of the Standing Group to date to produce any recommendations on means of closing the gap in air forces.

The Norstad proposals would entail little, if any, additional expenditure before 1952-53 and under them most of the R.C.A.F. programme would only reach its peak in 1954.

It appeared that the reason why the United States was holding back offers of increased contributions was that it was afraid that, otherwise, the other NATO countries would leave it to the United States to make good most of the gap.

7. *The Secretary to the Cabinet* pointed out that, having complained at not being consulted in the preparation of the Medium Term Plan force requirements, Canada would be in an awkward position in objecting to being asked to participate in preliminary discussions of means of closing the air gap.

8. *The Prime Minister* thought the main problem that would arise from an additional contribution of the scope envisaged by General Norstad would be that of implementation. It had previously been agreed that, in approving the defence programme for 1951-52, Canadian resources were being stretched as far as possible under present conditions. Again, it would be some time before there would be sufficient infrastructure available in Europe for the expanded air forces envisaged by General Norstad.

9. *The Minister of Defence Production* thought that Air Marshal Curtis should indicate in Paris that the Canadian defence programme was frozen for a year, after which Canada would consider what it was in a position to do. He did not see how the country would be able to increase its contribution on the industrial side in the meantime. If there were new shifts in emphasis in the defence programme, considerably less would be accomplished in 1951-52 than originally planned.

10. *The Minister of Finance* said that, if Canada were to order an increased number of U.S. aeroengines, the exchange problem, which was serious, would be further aggravated. This was a consideration that had to be borne in mind in connection with any proposals for an increased Canadian military effort.

11. *Mr. Robertson* suggested that the fact that General Norstad had proposed doubling the air component of the Canadian contribution to the Integrated Force introduced an important new consideration, making it desirable to review the question of the forms that Canada's overall contribution should take. It might therefore be well to take the position that Canada would be prepared to examine proposals for an increased air contribution, provided its land and sea contributions were similarly open to review.

The Standing Group was likely to propose that Canada increase its Army contribution to the Integrated Force from one-third of a division to one division. Such a course, he felt, was more likely to impose severe strains on the system of voluntary recruitment than some increase in air contributions, especially if the 25th Infantry Brigade continued to be committed to Korea for some time.

12. *Mr. Pearson* pointed out that there was some danger of the report of the Paris meeting and of Canada's association with it being made public. There was also the difficulty that the report would suggest increased allocations for several countries which had not participated in its preparation and, at the same time, increased allocations for Canada which the government was not prepared to support. In the circumstances, it appeared undesirable for Air Marshal Curtis to sign the Paris report since his association with it would merely serve to further identify Canada with the current study. Moreover, he should presumably not allow the Paris meeting to have any illusions as to Canada's ability to accept an allocation of the size suggested by General Norstad.

13. *Mr. St-Laurent*, while pointing out that it would be difficult for Air Marshal Curtis not to attend the Paris meeting, agreed that he should indicate that no addi-

tional commitments could be undertaken in 1951-52 — assuming that Canada was not relieved of any of its present commitments. It should also be indicated that the government considered that the Canadian defence effort was as large a one as the country would support, short of a situation requiring an all-out effort, and that it would not be prepared to consider increased commitments for the period after 1951-52, at least until the recommendations of the Standing Group were put forward.

14. *The Committee* considered that it would have been preferable for the examination of the position of the air forces to have been made by the Standing Group after consultation with the Military Representatives Committee, taking into account not only the position of the air forces but also that of land and sea forces, but that, since he had attended the Washington meeting, which had been adjourned, the Chief of the Air Staff should attend the Paris meeting.

15. *The Committee*, after considerable further discussion regarding the position to be taken by Air Marshal Curtis at the Paris meeting, agreed that:

(a) he should indicate that the Canadian government was not able to accept additional overall defence commitments for 1951-52, and could not at present consider additional commitments for subsequent years pending further experience regarding Canada's ability to carry out the already substantial programme on which it was now embarked, and re-examination of the position of land and sea as well as air forces;

(b) he could, within the authorized financial and manpower programme, explore the possibility of making adjustments within the existing programme in the sense recommended at the preliminary meeting of the four Chiefs of Air Staff; and

(c) as Canada was not a member of the Standing Group, it would not be proper for him to participate in any report or recommendations involving increased contributions by other countries.

. . .

383. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 6, 1951

. . .

NATO; AIR FORCES FOR EUROPE; REVIEW OF PROPOSALS FOR FILLING THE GAP; CANADIAN POSITION

16. *The Minister of National Defence* recalled that Cabinet, on May 30th, 1951, had approved the decision of the Cabinet Defence Committee as to the position to be taken by the Chief of the Air Staff in reviewing, at a forthcoming meeting in Paris, a draft report to General Eisenhower on means of closing the gap in air contributions to the European Integrated Force. He proposed taking immediate action to inform Air Marshal Curtis of these instructions. Further, as a result of subse-

quent discussions in his department, it was considered that it would be desirable and consistent with the approved instructions to have Air Marshal Curtis explore, during the Paris meeting, the feasibility, within the agreed manpower and financial ceilings, of the Canadian squadrons assigned to the Integrated Force being of one type and of the R.C.A.F. producing what would appear to be a larger air contribution by reducing the reserves originally planned for each squadron.

17. *The Cabinet* noted with approval the report of the Minister of National Defence on the instructions he proposed to send to the Chief of the Air Staff as to the position to be taken, during the current meeting in Paris with certain other Chiefs of Staff, in reviewing proposals for increased air contributions to the Integrated Force.

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384.

DEA/50030-AG-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 D-288 [Ottawa], June 26, 1951

TOP SECRET

CONSIDERATION OF THE PARIS PLAN AND THE RELATED REPLY TO GENERAL EISENHOWER'S MESSAGE OF 15 JUNE, 1951†

1. D.C. 28, Medium Term Plan Force Requirements, was prepared by the Standing Group on the basis of an analysis of the Revised Regional Medium Term Plans.† The *total requirements* in D.C. 28 were considered by the Standing Group as likely to prove the minimum necessary to permit the accomplishment of Regional Tasks outlined in D.C. 13, North Atlantic Treaty Organization Medium Term Plan. The Standing Group considered that the *national force contributions* in D.C. 28 represented first, urgent interim national targets of the NATO nations towards meeting the total requirements. There remains a force deficiency or "gap" in D.C. 28 between the recommended national force contributions and the total requirements.

2. In approving D.C. 28 on 28 October, 1950, the Defence Committee inter alia directed the Standing Group "to report what contributions they consider governments should make to close these gaps. Member nations and the Supreme Commander should supply the information upon which to base these recommendations". (Vide Appendix "A" — Defence Committee and North Atlantic Council Approval of D.C.28)†

3. Subsequently the Standing Group requested the Supreme Allied Commander Europe to supply the Standing Group, within the framework of his terms of reference, with such information, any comments and/or recommendations as he consid-

ered might be helpful to the Standing Group on the ways and means of closing the gap in D.C. 28.

4. In his reply to the Standing Group, General Eisenhower recommended that national governments individually should seek to isolate and identify the primary obstacles to further progress in increasing their respective force contributions for filling the gap, and thereafter collective efforts be devoted towards the removal of such obstacles.

5. Arising out of these recommendations and at the request of the Standing Group for all nations to comply with General Eisenhower's suggestions, the Chiefs of Staff examined the individual service programmes to determine:

(a) if any further expansion (over and above the 1951-54 programmes as they now stand) is possible;

(b) if so, to what extent and by when; and

(c) in any event, what are the primary obstacles and limiting factors to further expansion.

This examination by the Chiefs of Staff and their subsequent discussions with me resulted in the despatch of special instructions to the Chairman, Canadian Joint Staff, Washington, giving the Canadian position on closing the gap. A copy of this message is attached as Appendix "B".

6. Additionally at the suggestion of General Eisenhower, the Chiefs of Air Staff of Canada, France, the United Kingdom and the United States met in Washington from 30 April to 3 May to determine whether D.C. 28 air force requirements could be met and to consider what acceleration was required in national programmes to close the gap by 1954. The conclusions arising from this meeting, together with the implications for Canada therefrom, were considered by Cabinet Defence Committee 29 May, as a result of which instructions were given to the Chief of the Air Staff regarding the position he was to take at the further meeting of the four Chiefs of Air Staff in Paris which commenced 7 June.

7. The conclusions of the Paris meeting, which are contained in the report entitled the "Paris Plan", reach substantially the same conclusions as the preliminary study made in Washington, now known as the "Pentagon Plan". The main Washington conclusions were as follows:

"(a) it is clear that a balanced Air Force in Europe, of 9,212 front-line aircraft, is impossible before December, 1954, but that a possibility exists of meeting the front-line figure if reserves are largely depleted and all NATO production facilities are utilized to the maximum possible extent. Strenuous efforts involving changes in national policies of manpower allotment, production and finance, are essential if bottlenecks are to be alleviated.

"(b) Unless training facilities are expanded and filled immediately, with pilot trainees in particular; unless aircraft production orders are placed now, with machine tools and raw materials supplied as required; unless air installation sites be built or extended on the Continent and made available now; we see no possibility of achieving the minimum goal of 9,212 manned aircraft at any date near December, 1954."

8. The "Paris Plan", which deals with the air force gap in Europe, proposes the following insofar as Canada is concerned:

(a) The allocation to the Integrated Force of a division of 12 fighter squadrons of 300 front-line aircraft and a division of 12 light bomber squadrons of 192 front-line aircraft. The F86 requirements outside Europe would include 297 aircraft for operational training, squadron build-up in Canada and attrition for the period 1951-54. To this would be added the Integrated Force requirements of 800 aircraft as contained in the "Paris Plan", which would bring the overall F86 requirements to a total of 1,097 aircraft. This would include a 100% war reserve of 300 aircraft which the "Paris Plan" does not require to be provided until after 1954. Under this concept, the current procurement of 790 F86's is sufficient until 1954. On the same basis the procurement of light bombers would be 514 less 192 (war reserve) or a total of 322 until 1954.

(b) The production for NATO countries of additional F86 airframes up to Canadian capacity, estimated to be about 1,800, in addition to the aircraft mentioned in (a).

(c) The establishment and operation:

(1) by 1 September, 1951, of two additional basic flying training schools, and by 1 September, 1952, of 1 advanced school, to train 300 additional NATO aircrew in 1952, and 1,000 additional NATO aircrew in 1953 over and above the presently planned trained output of 1,400 per year, and

(2) of one light-bomber operational training unit in 1952.

9. The above proposals will involve:

(a) The production and/or procurement of 322 light bombers, 400 Harvard trainers, 217—T33 jet trainers and 16 long-range transports additional to those in currently-approved plans.

(b) The acquisition of eight airfields, three air depot sites, three headquarters sites and one hospital site in Europe.

(c) An increase in the RCAF of 7,638 overseas, 5,482 (this figure includes support personnel for both operational commitment in Europe and additional training commitment in Canada) home forces and 1,000 for training, totalling 14,120, bringing the total RCAF establishment to 58,320 (of this number 13,316 overseas) and necessitating maintenance of the present recruiting rate until April, 1954.

(d) In addition to expenditures on currently-approved plans, RCAF expenditure of $305 million in 1952-53, $409 million in 1953-54 and $197 million to December, 1954, including a share of the infrastructure required by the RCAF squadrons in Europe. The above figures do not include the cost of production of F86 airframes for other NATO countries.

A summary of the "Paris Plan" and its financial implications are attached as Appendices "C"† and "D",† respectively.

10. General Eisenhower has received the "Paris Plan" and has requested the following information from Canada, as well as from other nations, by *2 July, 1951*, before deciding what action he will take with regard to the "Paris Plan":

"(a) What major obstacles will have to be overcome by individual nations in order to enable them to meet the suggested targets set out in the "Paris Plan" and its appendices. The major obstacles listed should relate only to the provision of air forces. The obstacles should be grouped under the headings enumerated in the index to the "Paris Plan" on page 1.

"(b) Will the attainment of these targets within the time stated have a major effect on the attainment of army and navy commitments as set out in DC 28."

The complete text of General Eisenhower's letter is attached as Appendix "E".†

11. The Department of Defence Production has considered the aircraft production aspect of the "Paris Plan" and has indicated that, while it has not been possible in the time available to base their comments on detailed production studies, including a full examination of the problems of raw materials, labour, machine tools, etc., it is fully anticipated (with the possible exception of the Canberra light bomber) the aircraft production targets could be met provided that an adequate supply of GFP could be made available.

12. The Chiefs of Staff have further considered the questions mentioned above in paragraph 5 in relation to the "Paris Plan" and the reply to General Eisenhower, all of which are concerned with closing the gap. They have concluded that the air force gap should not be examined in isolation but should be considered in relation to deficiencies which concurrently exist in land and sea force contributions, and accordingly recommend that a decision concerning the "Paris Plan" be deferred pending the completion of the Standing Group examination and assessment of national force contributions required to fill the gap in navy, army and air forces. The detailed conclusions and recommendations of the Chiefs of Staff on the above matters are attached as Appendix "F".†

[B. CLAXTON]

[APPENDICE B/APPENDIX B]

Le secrétaire du Comité des chefs d'état-major au président de l'état-major du Canada aux États-Unis

Secretary, Chiefs of Staff Committee, to Chairman, Canadian Joint Staff in United States

[n.d.]

TOP SECRET

I refer to CJS(W) 584 concerning new approach by Standing Group in closing the gap. The following Canadian view of this problem is for use in verbal discussion by our representative on MRC working group. It is not to be tabled as a paper.

2. In considering the general position of Canada there is a very important point to be made. The meeting of the NATO Council and Defence Committee at which instructions were given that enquiries be instigated with a view to measures that might be taken to close the gap took place at Brussels on 19 December 1950.

3. The October meeting had recommended that nations proceed immediately to increase their national forces with the object of meeting the national force targets as rapidly as possible.

4. At the Brussels meeting it was agreed that nations should at once re-examine their plans to see what more each one of them could do.

5. Acting in accordance with these recommendations, the government of Canada re-examined its defence programme. Such re-examination began on the return of the Minister of Defence from Brussels in December and continued until the new programme was announced by him in Parliament on 5 February, 1951.

6. The extent of the changes made in the Canadian programme between the Brussels meeting and that announced on 5 February is believed to be proportionately greater than that made by any other nation during the corresponding period. The defence appropriations made for the fiscal year 1950-51 were $425 millions. At the special session of Parliament held in August the defence appropriations were increased by $145,200,000, and in addition $300 millions was provided for mutual aid, of which relatively little would be spent in 1950-51. The programme put forward on 5 February called for an expenditure of $5 billions in three years, and with the unexpended portion of the vote for mutual aid and other sums voted for defence purposes made available for defence this year the sum of $1,879,000,000. This is $134.27 per capita, 47.5% of the national budget, 11.67% of the national income and 9.4% of the national product. On any basis of comparison this is believed to constitute a larger expenditure than any participant in the North Atlantic Treaty Organization except the United States.

7. The increase in the appropriation was intended to provide for an acceleration of our programme for the defence of Canada and the provision of Navy, Army and Air Force units for NATO as well as to maintain whatever forces were needed to carry out our undertakings in Korea. There was, however, a very substantial addition made to the programme of direct contributions to NATO itself in the offer of additional facilities to train an additional 1,100 aircrew per year, bringing the total to be trained for NATO and the United Kingdom to some 1,400 per year, with 1,900 for ourselves.

8. There are, however, additional factors of a general character which should be known in order to understand the position of Canada.

9. With full employment, a shortage of agricultural workers and an expected shortage of men in defence industries, it would become increasingly difficult to justify to the Canadian people our recruiting boys off the farms to send them to build up the forces in western Europe at the same time as we are bringing out displaced persons from Europe to provide labour on those very same farms.

10. In the case of the other smaller nations, virtually every cent of defence expenditure, every man and piece of equipment employed, every bit of construction, meets the double purpose of building up the defences of the country against direct attack and contributing to the forces of NATO. Canada is the only smaller country in the position of having to face the necessity of devoting a considerable proportion of her total defence effort to immediate defence and, in addition, having a separate force in Korea, 7,000 miles away from our west coast, and another force in Europe 2,000 miles away from our east coast, with the coasts themselves 3,000 miles apart.

11. To maintain the third largest UN force in Korea, a brigade group and eleven squadrons in Europe, and to build up a force of 100 ships, as well as to carry out

the other activities for the immediate defence of Canada and the build-up of our maximum potential, is a large undertaking for a country of 14,000,000 people.

12. Regarding particularly the Air Force, the government felt than an air division of eleven squadrons with two hundred and three front-line aircraft would be as much as we could undertake. It was estimated that this would require seven hundred and ninety aircraft to provide for necessary reserves and over five thousand air force personnel overseas. In addition to 19 squadrons and extensive radar installations for the Canada-US Regional Planning Group, there were possible requirements for infrastructure — airfields, accommodation, ground control, etc., in Europe. To meet this and provide for the defence of Canada and the training programme will require a total of 3,300 new aircraft and some 44,000 personnel in the RCAF, the strength of which will have to be doubled within the years 1950-53.

13. It may be remarked that over and above the NATO force tabs, Canada has shipped the equipment for two divisions and agreed to make available the equipment for a third. We are also making considerable quantities of new equipment. Three hundred and sixty million dollars has been appropriated for mutual aid.

14. Canada is willing to consider any and every proposal by which we can with others build up our combined strength. For this year, 1951-52, the defence programme approved by the Cabinet was prepared to meet NATO force tabs as these had been indicated in DC-28. All action necessary to put this plan into effect has been taken. Construction has been planned and commenced, equipment orders placed, recruitment and training of manpower undertaken. Consequently, any changes proposed in objectives would have to take into account the fact that we are already well advanced in working out this programme, which it is believed can be carried out by or before 1954 within the limits of the five billion dollars announced by the government to meet the three years' programme. But, of course, any suggestions of modifications within the programme would be considered.

PRIMARY OBSTACLES AND LIMITATIONS TO INCREASED FORCE CONTRIBUTIONS

(a) *Trained Manpower*

15. The expansion of the Canadian armed forces from the strengths of Navy 9,248, Army 20,368 and Air Force 17,284 in July, 1950, to their present strengths of Navy 11,970, Army 42,555 and Air Force 24,668 has already resulted in increasing the size of the forces sixty per cent. This large percentage expansion has produced shortages of trained and experienced officers and very considerable deficits in technically qualified NCO's and tradesmen. Until schools can be expanded and many more instructional staff trained, an increased rate in the expansion of the Canadian Army, Navy and Air Force is not possible.

(b) *Financial Limitations*

16. Canadian defence orders placed in the US during the fiscal year 1950-51 amounted to $128,327,300, while US defence orders placed in Canada during the same period amounted to only $35,258,189. The Canadian orders placed in the US were largely for aircraft engines and ancillary equipment and for divisional equipment to replace UK-type army equipment being provided as mutual aid. In April of this year Canada placed defence orders in the US to the amount of $126,049,436,

and the US placed defence orders in Canada to the amount of $40,055,767. An estimated annual expenditure of over $300,000,000 on military equipment or components required from the US is creating a serious and increasing deficit in US funds. The US is unlikely to spend anything like a corresponding amount in Canada. If the US were to spend $100,000,000 on defence expenditures in Canada in 1951 (probably an outside figure), we would be spending $22.00 on defence equipment in the US for each head of the Canadian population while the US would be spending in Canada $0.66 per head of the US population, or proportionately about 1/33. If the adverse balance of trade between Canada and the US continues at the present rate there is a serious possibility that we will have difficulty in implementing the present accepted programme.

(c) *United Nations Operations in Korea*

17. The Canadian contributions to the UN ground forces in Korea consist of one Brigade Group of approximately 7,400 men. A further force of 6,000 men is being raised and trained to provide for rotation and replacements of casualties occurring in this Brigade Group. Wastage rates have been calculated on the basis of 500 men per month although the accuracy of this figure cannot be assessed until the force has been engaged in operations for some months. This commitment in Korea amounts to the employment of 13,000 men for this year. Whatever the future of the fighting in Korea, it will be necessary for the Canadian forces to be maintained at strength and at a high degree of efficiency and this will require constant replacement of trained officers, NCO's and tradesmen. The effects of this have already been felt in raising the required numbers to permit the force to be committed to operations.

18. Since July, 1950, a heavy transport squadron of twelve North Stars has been serving on the Korean airlift in support of the United Nations. The Navy maintains three destroyers (ocean escorts) in Korean waters, and it has been necessary to allocate five ships in rotation for this duty.

POSITION OF THE ARMED FORCES IN THE PROBLEM OF FILLING THE GAP

(a) *Navy*

19. Canadian naval rearmament plans already entail doubling the manpower of the RCN in three years which, if the present standard of efficiency is to be maintained, is considered to be an extremely rapid expansion.

20. Not only does this provide for a commitment of looking after our own coast and seaward defences and escorting all merchant shipping in Canadian coastal waters, but also in the case of NAOR, taking care of ten per cent of the defensive protection of trans-Atlantic convoys.

21. The programme calls for a total of about 100 ships to be built or refitted and rearmed by 1954. It will stretch the capacity of industry to meet this programme. It is further noted that the completion by 1955 of an additional 7 destroyer escorts is also being undertaken. While these ships do not constitute an increase in the Canadian NATO contributions, they will be used to replace obsolescent vessels which will in turn be invaluable for operational training purposes.

22. Training is already approaching an all-out effort within existing training of establishments. Serious limiting factors in the expansion of personnel over and above the current programme are the critical shortages of both officers and technical ratings.

23. In view of the very considerable Canadian naval effort outlined above, expansion beyond the 1951-54 programme as it now stands does not appear to be feasible at the present time.

(b) *Army*

24. In addition to the Korean force and its replacements, Canada, under DC 28, will provide one-third of an infantry division (1 infantry brigade group) to the Integrated Force in Europe by 1954. We expect that this will be done by 1951 or early in 1952 at latest. This brigade group, together with sufficient men to provide replacements for non-battle wastage and rotation, involving a commitment of some 10,000 men, is now being raised. Approval by Parliament has yet to be obtained for the despatch of the force to Europe but this is considered to be a question of time as this is declared government policy.

25. On mobilization, two infantry divisions are earmarked for assignment to SHAPE, one at D plus 90 and the other at D plus 180, although neither of these will be available for operations until after D plus 360.

26. Plans for the defence of the Canada-US region include an Army commitment by 1954 of three infantry battalion groups for airborne operations, four composite AA batteries, 18 heavy AA regiments plus 1 heavy AA battery and 10 light AA regiments.

27. The expansion in the Army as a result of these commitments has placed a heavy strain on available resources of trained officers, NCO's and tradesmen. Further expansion does not appear to be feasible at the present time.

(c) *Air Force*

28. The problem of additional Canadian contributions towards closing the NATO gap in Air Forces has been under recent active consideration in meetings of the four Chiefs of Air Staff in Washington and Paris. The Cabinet Defence Committee, after discussing the Washington proposals, which were identical to those made in Paris, concluded, when considering the position to be taken by Air Marshal Curtis at the Paris meeting, that:

"(a) he should indicate that the Canadian government was not able to accept additional overall defence commitments for 1951-52, and could not at present consider additional commitments for subsequent years pending further experience regarding Canada's ability to carry out the already substantial programme on which it was now embarked, and re-examination of the position of land and sea as well as air forces; and

(b) he could, within the authorized financial and manpower programme, explore the possibility of making adjustments within the existing programme in the sense recommended at the preliminary meeting of the four Chiefs of Air Staff."

385. PCO/Vol. 202

Projet d'une réponse du ministre de la Défense nationale au commandant suprême des Forces alliées en Europe

Draft Reply from Minister of National Defence to Supreme Allied Commander in Europe

TOP SECRET [n.d.]

THE ACCELERATION OF NATO AIR FORCES PROGRAMMES

1. Following for the Supreme Allied Commander Europe from the Minister of National Defence for Canada, begins.

2. 30 June 1951. Your letter 15 June 1951, Report by the Chiefs of Air Staff of USA, United Kingdom and France, on the Acceleration of NATO Air Forces Programmes.

3. In addition to the questions raised in your letter on the Acceleration of NATO Air Force Programmes, the Canadian Government also has under consideration the whole current Canadian defence programme as a result of your suggestion to the Standing Group that national governments individually should seek to isolate and identify the primary obstacles to further progress in increasing their respective force contributions for filling the gap.

4. At the outset it may be noted that Canada is the only smaller country in the position of having to face the necessity of devoting a considerable proportion of her total defence effort to immediate defence at home and, in addition, having a separate force in Korea, and another force in Europe. In the case of the other smaller nations, virtually their entire defence effort serves the double purpose of building up the defences of the country against direct attack and contributing to the forces of NATO.

5. It is our opinion that the problem of closing the air forces gap cannot reasonably be considered except in relation to the similar problems in NATO sea and land forces. With this in mind we have already forwarded to our representative on the Military Representatives Committee in Washington our preliminary views on the Canadian position towards closing the gap in sea, land and air forces, which views we feel we should mention here in dealing with the air forces problem.

6. Examination of the current Canadian defence programme shows the position of the Canadian armed forces to be:

Navy

7. The Canadian Naval re-armament plans already entail doubling the manpower of the RCN in three years. If the present standard of efficiency is to be maintained, a more rapid expansion is not considered advisable.

8. This programme will provide for the protection of our own coastal waters and harbours and escorting all merchant shipping in Canadian coastal waters, and also in respect of NAORG assuming responsibility for ten percent of the defensive protection of trans-atlantic convoys.

9. The programme calls for a total of about 100 ships to be built or refitted and rearmed by 1954. Although there is adequate hull capacity in Canadian shipyards, the provision of electronics and ships machinery will strain these industries to meet the programme.

10. Our naval training establishments are already operating at top capacity. Serious limiting factors in the expansion of personnel over and above the current programme are the critical shortages of both officers and technical ratings.

Army

11. In addition to the Korean Force and its replacements, Canada, under DC 28, will provide one-third of an Infantry Division (1 Infantry Brigade Group) to the Integrated Force in Europe by 1954. We expect that this will be done in late 1951 or early in 1952. This Brigade Group, together with sufficient men to provide replacements for non-battle wastage and rotation, involving a total of some ten thousand men, is now being raised.

12. A further airborne group of three airborne battalions is required along with an appropriate air force component for the immediate defence of the Canada/U.S. region, as well as substantial AA units.

13. The expansion in the Army to meet these requirements has placed a heavy strain on available resources of trained officers, NCO's and tradesmen. Further expansion superimposed on top of a change-over from British to United States pattern arms and equipment does not appear to be feasible at the present time.

Air Force

14. The currently authorized Royal Canadian Air Force programme in support of NATO totals 40 squadrons of all types. Of these, one day-fighter air division of 11 squadrons comprising 203 front line aircraft has been committed to SHAPE. In addition, the Canadian air force programme includes:

(a) the building and manning of extensive radar installations in Canada, and,

(b) the training annually of some 1400 aircrew for other NATO nations together with 1900 for ourselves.

This requires an increase in RCAF manpower from 17,284 in July 1950 to more than 44,000 — an expansion of over 250% — very extensive construction of airfields, schools, depots, communications and other infrastructure both at home and in Europe, and the production or procurement of 3,300 new aircraft.

15. The ability of Canada to undertake an increased commitment for the RCAF is tempered by at least three inter-related major obstacles together with a number of lesser ones. These three major obstacles are:

(a) The difficulty of Canada obtaining an increased supply of government furnished property (aircraft engines, instruments, etc.) from United States sources in order to meet heavily increased aircraft production called for in the Paris Plan.

(b) Financial difficulties caused by the present adverse balance of trade between Canada and the United States which is currently giving rise to serious strains in implementing the present accepted programme. In this connection the limitations

on United States military purchases in Canada is in itself an obstacle to any satisfactory balance being attained.

(c) The difficulty of persuading the people of Canada to accept a higher degree of mobilization at this time than results from the present programme which will call for an expenditure in excess of $5 billion in the next three years when related to the defence expenditures of other smaller countries which are more liable to direct attack.

16. The above considerations are governing in examination of the suggestions in the Paris Plan for increased aircraft production for front line use by other NATO nations; for increases in Canadian front line forces abroad, particularly those involving a new undertaking to procure or produce and to operate a light bomber division; and for the increased aircraft production that would be necessary for increased training of aircrew of our own and other NATO countries.

17. The measures which would be needed to overcome these obstacles in any Canadian effort to meet the Paris Plan would have a direct and serious bearing on Canadian ability to attain the Canadian Naval and Army commitments as set out in DC 28. They would necessarily have a direct impact on the availability of funds for the present Canadian Naval and Army programmes, and would seem certain to affect the availability of trained manpower for two Navy and Army at least, and quite possibly for Canadian defence industry.

18. It is therefore the opinion of the Canadian government that ways and means of closing the air force gap, at least insofar as Canada is concerned, cannot usefully be considered in isolation but should be examined in relation to the problem of deficiencies which concurrently exist in land and sea force contributions.

19. The Canadian government considers that a decision concerning the Paris Plan must be deferred pending completion of the Standing Group examination of national force contributions required to fill the gap between the totals of national Navy, Army and Air Force contributions set forth in DC 28 and the totals of NATO requirements.

386. 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

CABINET DOCUMENT D-290 [Ottawa], June 27th, 1951

SECRET

PAYMENT FOR SERVICES RENDERED BY THE UNITED KINGDOM TO CANADA

Statement of Present Policy

1. The question of payment for facilities and equipment provided for Canadian forces by other NATO countries was recently considered by both the Panel on Economic Aspects of Defence Questions and Cabinet Defence Committee. The main findings of the Panel were:

(a) a strong case could be made for maintaining Canada's policy of not accepting foreign aid;

(b) while this policy was applicable in a general way to NATO countries, it admitted of some modification when applied to the United Kingdom. If exceptional cases arose in which the United Kingdom was willing to provide, without charge, facilities and services not included in NATO infrastructure, it seemed reasonable to accept them.

2. Cabinet Defence Committee concurred in both these views on April 17, 1951. Specifically, it found that there was no objection to seeking arrangements under which the United Kingdom would absorb reasonable amounts of the expenses incurred by the Canadian forces in the United Kingdom as an offset for some of the expenses incurred by Canada on behalf of the U.K. Services. The Committee further agreed to the following:

(a) the United Kingdom should not be asked to absorb expenses of Canadian forces as an offset to anything already made available to it free of charge;

(b) while there might be an offsetting of equipment transferred between the two countries, equipment should not be offset against services;

(c) there should be no attempt to make U.K. expenditures on behalf of the Canadian Services balance Canadian expenditures on behalf of the U.K. Services;

(d) the Department of National Defence should prepare an outline of expenses being incurred by the Canadian Services on behalf of the U.K. Services and of the expenses being met by the Canadian Services and of the United Kingdom, to serve as a basis for recommendations, by the Panel on Economic Aspects of Defence Questions to Cabinet Defence Committee, as to possible arrangements for offsetting such expenses that might be proposed to the United Kingdom.

3. In consequence, the Panel has been considering data on this question provided by the Department of National Defence.

Statement of Services Rendered by the United Kingdom to Canada and by Canada to the United Kingdom

4. Each country sends members of its Armed Services to the other on loan, attachment and on course. In addition, small numbers of Service personnel are regularly exchanged between the two countries. Different financial arrangements, reflecting the degree of benefit received, are in effect for each of these categories. Owing to the excess in the number of Canadian (principally R.C.N.) personnel taking courses in the United Kingdom over the numbers of U.K. personnel taking courses in Canada, there is a net recovery from Canada of approximately $1,400,000, annually.

5. Under long-standing arrangements, the Admiralty issues such equipment and stores and renders such services as are required by R.C.N. ships and establishments in the United Kingdom. The R.C.N. performs the like for R.N. ships and establishments in Canada and, in additions, repairs and maintains U.K. armament and ammunition stores in Canada. Recovery action is taken in both directions. The amounts so recovered vary considerably from year to year but, on an average, they are about $1,000,000 (in addition, the R.C.N. purchases equipment and stores from the Admiralty through C.C.C. in the amount of four or five million dollars annually) annually by the United Kingdom from Canada and about $250,000 by Canada from the United Kingdom.

6. The ships *Magnificent*, *Crescent*, *Crusader*, and the submarine *Thule* (with crew), are presently on loan from the Admiralty to the R.C.N. The Admiralty is making no charge for the loan of these ships.

7. It is estimated that Canada will incur capital costs in an amount of the order of $58,000,000 for the training of U.K. aircrew whether the present bilateral agreement is terminated or continued. The buildings and major equipment which give rise to the capital costs, will, of course, remain the property of Canada. The estimate of operating expenses given below contains an element for maintenance and repair of properties that is theoretically sufficient to keep both in a perfect state of maintenance, and to replace major equipment lost through attrition.

8. On the assumption that the bilateral agreement will be terminated in July, 1952 and that the vacancies so created will not be filled, it is estimated that Canada will incur operating expenses on U.K. account in the amount of $19,300,000 for the period January 29, 1951 to March 31, 1953. The continuation of the bilateral agreement would give rise to additional trainees beginning training during the period July, 1952 to July, 1953.

9. At the present time, one R.C.A.F. Vampire squadron is stationed in the United Kingdom. Under existing plans, there will be a build-up there, over the period September 1, 1951 to March 1, 1952, to three F-86 squadrons, together with a Headquarters Wing and a Telecommunication Wing, which will remain in the United Kingdom until March 31, 1953. It is possible that an R.C.A.F. Material Base will also be required in the United Kingdom.

10. The Vampire squadron is using aircraft supplied by the United Kingdom on loan and is being served by U.K. motor transport. The United Kingdom is also providing the base and aerodrome accommodation for this squadron and will be providing similar accommodation for the other R.C.A.F. units. There is no evidence that the United Kingdom intends to make a charge for the capital costs incurred for this equipment and accommodation and no estimate of such capital costs has been possible. It is not likely that Canada would be expected to pay, with respect to accommodation and major equipment, more than operating expenses as defined in paragraph 7 above. At a later date, the aircraft and spares for F-86 squadrons will be provided by Canada and it is likely that these squadrons will also use Canadian motor transport.

11. It is estimated that the cost of the maintenance services provided by the United Kingdom to R.C.A.F. units for the period April 1, 1951, to March 31, 1953, will amount to $4,300,000 including the cost of rations. As the United Kingdom has as yet taken no recovery action and as U.K. cost data are not available here, this estimate has been based on Canadian costs and is to be taken as a rough guide only. The Vampire squadron is, at present, drawing R.A.F. rations but the R.C.A.F. hopes to draw U.S.A. rations whenever that becomes feasible.

12. Whatever be the exact cost of the services performed by the United Kingdom for R.C.A.F. forces in the United Kingdom, it is evident that it is much less in respect of both operating and capital expenses than the cost to Canada of training U.K. aircrew.

Policy Considerations Respecting the Above Services

13. The services outlined above fall broadly into two categories:

(a) those associated with activities which continue in peace and war, whatever the degree of international tension;

(b) those associated with special defence activities undertaken as a result of the present international tension.

It would seem desirable, as a matter of general policy, that existing arrangements with respect to the former be left undisturbed and that only the latter be considered as possible offsets to Canadian mutual aid.

14. When applied to the existing situation, such a policy would mean that:

(a) in spite of the fairly substantial amount of money involved in both cases, Canada would continue to pay for courses taken by Canadian personnel in the United Kingdom and for stores, equipment and services rendered to R.C.N. ships and establishments in the United Kingdom;

(b) existing arrangements respecting the ships on loan from the Admiralty would continue unchanged. The Admiralty is probably quite satisfied to have these ships kept in a state of operational efficiency at no cost to the United Kingdom;

(c) the only present candidate for offsetting purposes, apart from exchanges of equipments of approximately equivalent value, is the group of services provided and to be provided by the United Kingdom for R.C.A.F. units in the United Kingdom.

15. While it is considered that a sufficiently strong case can be made on general grounds for the policy outlined in paragraph 13 above, there are a number of additional reasons for not accepting free courses and free services for Canadian ships as "aid" from the United Kingdom. These are:

(a) the expansion of defence activities has not yet brought about an increase in the number of Canadian personnel on course in the United Kingdom or in the value of the services rendered to R.C.N. ships. While there might be an increase in R.C.N. and R.C.A.F. personnel on course in the United Kingdom in the next few years, the number of Army personnel taking such courses is likely to decline;

(b) if the United Kingdom were to provide courses without charge, vacancies on course might not be made so readily available to Canada in future;

(c) the promptitude with which services are presently rendered to R.C.N. ships might not be unconnected with the fact that the Admiralty is receiving payment;

(d) if the United Kingdom did not charge Canada, it might be faced with demands by other Commonwealth countries to provide courses to personnel, and services to ships, free of charge. Similar requests might be made of Canada by other Commonwealth countries;

(e) in both cases, the value of services performed by the United Kingdom for Canada exceed in value the services performed by Canada for the United Kingdom. They could be offset only against the training of U.K. aircrew in Canada. This would involve offsetting services provided by the R.C.A.F. with services provided for the R.C.N.

16. If, as is most unlikely, no further vacancies in the Canadian air training scheme, beyond the present bilateral arrangement with the United Kingdom and the Standing Group allocations, are allotted to the R.A.F., to propose that the United Kingdom provide its services to R.C.A.F. squadrons free of charge, would not be wholly consonant with the principle that Canada should not request offsets for anything already made available to the United Kingdom without charge. However, since the original offers were made, correspondence has been exchanged between the Minister of National Defence and the U.K. Secretary of State for Air indicating that the United Kingdom would not be averse to discussing such an arrangement. Moreover, it now appears likely that the R.A.F. will receive, as a result of Canadian efforts, a substantial proportion of training vacancies in Canada.

Recommendations

17. Considering all the circumstances, the Panel recommends:

(a) that, apart from exchanges of equipments of approximately equivalent value, offsetting arrangements be confined, for the present at least, to services arising out of special activities associated with the current international tension;

(b) that services provided by one of the Armed Forces of Canada be not offset by services provided by the United Kingdom for another of the Armed Forces of Canada;

(c) that the suggestion that discussions be held, made by the Minister of National Defence and agreed to by the Secretary of State for Air, be followed up, and that Canadian representatives urge that the services provided by the R.A.F. for R.C.A.F.

units in the United Kingdom be offset against the services provided by the R.C.A.F. in respect of air training of R.A.F. personnel.[17]

N.A. ROBERTSON

387. PCO

Note du Comité sur les aspects économiques des questions de la défense pour le Comité du Cabinet sur la défense

Memorandum from Panel on Economic Aspects of Defence Questions to Cabinet Defence Committee

CABINET DOCUMENT D-292 [Ottawa], June 28, 1951

SECRET

CANADIAN MUTUAL AID TO NATO IN 1952-53

This memorandum from the Panel on Economic Aspects of Defence Questions is simply a report, for the information of Cabinet Defence Committee, as to (1) the items of mutual aid in 1952-53 to which Canada is committed; and (2) other items which, on the basis of present information, would appear advantageous to include in a mutual aid programme for 1952-53 if there are to be additional Canadian offers of mutual aid for that year. The Panel assumes that the government may not wish to receive recommendations as to additional mutual aid in 1952-53 until it has examined the recommendations that the Standing Group will be making in due course as to means of filling the gap between forces so far committed to NATO by member countries and total NATO forces required by July, 1954.

1. On April 17th, 1951, Cabinet Defence Committee indicated that it was prepared to consider proposals for the provision of additional items of mutual aid in 1952-53. In view of the time required to accomplish planning and production, it agreed that proposals for additional production in 1952-53 would have to be received at an early date.

2. The Panel has given preliminary consideration to the two main questions that arise in connection with a mutual aid programme for 1952-53 — the general dimensions of such a programme, and the types of items which it could most usefully include.

3. A partial answer to these questions lies in existing mutual aid commitments to NATO that involve expenditures running into and beyond 1952-53. These include the authorized NATO air training plan in Canada (1,400 training spaces per year), 300 No. 4 Mark VI radars, and 180 155 mm. howitzers, which will entail expenditures in 1952-53 estimated at $73 million, $15 million and $3 million respectively, or a total of $91 million. Cabinet has also approved in principle, subject to certain conditions, the inclusion of walkie-talkies in the mutual aid programme which would entail an expenditure of $8.2 million in 1952-53.

[17] Approuvé par le Comité du Cabinet sur la défense, le 29 juin 1951./Approved by Cabinet Defence Committee on June 29, 1951.

4. The government agreed that the U.S. and U.K. authorities be informed that it would be prepared to consider provision of F-86 airframes to the United Kingdom, provided the Standing Group recommended their allocation to that country and the United States furnished the necessary government-furnished property. The Standing Group has recommended allocation of Canadian F-86 airframes to the United Kingdom and there are now indications that the R.A.F. desires 450 F-86's in 1953 and that, in this connection, the United States can arrange to provide up to 100 sets of GFP per month, beginning January, 1953. The U.K. Government has not formally confirmed a requirement for these aircraft. It is at present estimated that, assuming delivery of United States GFP as indicated above, the Canadian cost of 450 airframes, including 10% airframe spares, would be of the order of $80 million, of which $47 million might be required in 1952-53 and $33 million in 1953-54.

5. Thus, if F-86's and walkie-talkies ($8.2 million) were added to present mutual aid commitments ($91 million) for 1952-53, the mutual aid programme for that year would involve the expenditure of $146.2 million.

6. It is considered that the following conditions should apply to any additional mutual aid from production (beyond that already mentioned) to be provided after 1951-52:

(a) items chosen should fit in with the Canadian defence production programme;

(b) they should meet NATO needs as recommended by the Defence Production Board;

(c) the U.S. dollar content should be at a minimum and, where possible, arrangements should be made for joint provision of items by the United States and Canada along the lines of those proposed in the case of F-86 aircraft.

7. There follows an analysis of items of additional mutual aid which, on the basis of present information, Canada may be asked to undertake after 1951-52. This analysis takes into account the conditions just mentioned.

(a) *Additional No. 4 Mark VI radar sets.* On the basis of the conditions listed above, additional radar sets would be a suitable item of future mutual aid and Mr. MacMillan, Canadian representative on the NATO Defence Production Board, has indicated the probability of largely increased European demand. However, the results of a conference of experts being held to determine the additional quantities needed is still awaited.

(b) *Naval Ships.* On February 22nd, 1951, Cabinet approved, as part of the defence programme, the establishment of naval shipbuilding capacity in Canada in excess of that required to meet the presently-authorized R.C.N. programme of 14 destroyer escorts and 14 coastal minesweepers. This excess capacity, while not sufficient to satisfy Canadian naval requirements for full-scale war, will provide the necessary base from which Canadian industry could be expanded fairly rapidly to foreseeable wartime requirements.

From a pure production point of view, there would be obvious advantages in making use of the surplus capacity being established for destroyer escorts and minesweepers by meeting some of the NATO deficiencies in these ships. European

shipbuilding facilities will not be able to meet all NATO deficiencies in escort ships and minesweepers by mid-1954. In the circumstances, the NATO Task Force report on shipbuilding indicated (if the subsequently approved R.C.N. building programme is taken into account), that there is a NATO requirement for immediate construction in Canada of one destroyer escort and 36 minesweepers.

Engines and generators for minesweepers have to be obtained from the United States at a cost of approximately $500,000 per ship. If minesweepers were offered to NATO, arrangements would have to be made with the Americans for a joint mutual aid project under which they would provide the engines from M.D.A.P. funds. This would reduce to $1 million the total cost for Canada of a minesweeper, and would avoid the necessity of spending U.S. dollars. A destroyer escort costs approximately $12 million, including electronics and armament, and will be almost entirely Canadian in content. Thus, the total cost of 36 minesweepers (at $1 million each) and one destroyer escort would be $48 million.

It is estimated that such an additional programme for NATO could be undertaken without any appreciable amount of capital assistance beyond that presently authorized, and that present facilities for berths would be sufficient to handle these ships for delivery by mid-1954 — assuming that orders for additional ships would be placed in the near future.

(c) *3"50 Naval Guns.* Investigations are proceeding regarding the interest of European countries in obtaining these guns which are now being made in Canada. Production for NATO would fit in with the Canadian defence programme. Lack of European ability to pay for such guns, together with the establishment of European requirements for them, would determine whether they should be considered in connection with mutual aid.

(d) *Training Aircraft.* Facilities are being established in Canada for the large-scale manufacture of complete Harvard trainer aircraft, including engines. Some European countries have expressed interest in obtaining spare parts.

If negotiations for the manufacture of a jet trainer in Canada are successful, there will probably be a NATO interest in such production.

(e) *155 mm. Howitzer Ammunition.* This calibre of ammunition is to be made in Canada and its production for NATO would have the advantage of reducing the unit costs of Canadian army requirements. Canada will be providing howitzers as mutual aid.

(f) *Spare Parts.* Some spare parts are being provided with the equipment from new production that this country is furnishing as mutual aid, and Canada will tend to be looked upon as an appropriate source of supply for additional spare parts. Further, there are indications that the requirements for spares provided with new equipment will in some cases be much greater than originally contemplated.

8. It is clear, then, that the Canadian defence production programme includes a number of items which European countries will wish to obtain to fill gaps in their programmes. Present information indicates that, of these countries, probably only the United Kingdom and Belgium might in some instances be able to make some cash payment for items produced in Canada. Any ability of European countries to pay cash will, of course, tend to reduce the necessity to provide mutual aid. United

States "off-shore" purchases in Canada under the Mutual Defence Assistance Programme would have the same effect and this possibility would bear further investigation in Washington. The possibilities of payments by European countries and of United States "off-shore" purchases would be influenced by the results of NATO burden-sharing exercises. It is possible that, with a view to ensuring that NATO countries only request provision of consumable stores in quantities that they really require, it would be desirable to ask them to pay, say, 10% of the cost of any additional consumable stores, such as ammunition and spare parts, furnished to them as mutual aid from new production. It is, however, expected that, for all practical purposes, provision of military items to NATO countries (other than the United States) will have to be on a straight gift basis.

9. The scale of the Canadian mutual aid programme in 1950-51 and 1951-52 is relevant to the question of the appropriate level of aid for 1952-53. In 1950-51 mutual aid funds were encumbered to the amount of $195 million to provide for replacement of U.K.-type equipment transferred to NATO. In 1951-52 authorization is provided for mutual aid funds amounting to $61 million which, together with the balance of $105 million from the original $300 million, total $165 million. In terms of impact on the economy, expenditures connected with mutual aid will likely be considerably higher than $165 million in the current year, since only $20 million of 1950-51 funds, amounting to $195 million, were expended (on purchases of U.S.-type equipment), and a number of the remaining purchases will be completed this year. At the same time, some U.K.-type equipment approved for transfer this year, may not be replaced until 1952-53. Of the total authorized for transfers to NATO in the present year ($165 million), new production will account for approximately $33 million, aircrew training for $56 million, and transfer from existing stocks for the remaining $76 million.

Tentative Conclusions

10. So far there are the following elements for a mutual aid programme for 1952-53:

	1952-53 Expenditure
(1) NATO Air Training (1400 training spaces)	$ 73,000,000
(2) 300 No. 4 Mark VI radars	15,000,000
(3) 180—155 mm. howitzers	3,000,000
(4) Walkie-talkies	8,200,000
Total:	$ 99,200,000

11. In considering the implications of a mutual aid programme for 1952-53, expanded beyond $99.2 million to include such items as F-86 airframes for the United Kingdom, naval ships and guns, training aircraft, howitzer ammunition and spare parts, it is necessary to bear in mind:

(a) Canada's balance-of-payments position, particularly the balance of military transactions with the United States.

(Until recently it was thought that, in the calendar year 1951, Canada's overall current deficit would be on the order of $500 to $600 million. It now appears that this figure might rise to about $700 million. A large portion of this deficit will be

due to the excess of Canadian defence expenditures in the United States over U.S. expenditures in Canada. Appendix "A"† gives recent estimates of the probable scale of these expenditures, indicating that, in 1951-52, Canada will spend $275 million in the United States for the purchase of military end items, components, parts and materials and, in 1952-53, approximately $400 million, and that the corresponding figures for U.S. expenditures in Canada on military end items, manufactured components, and construction of defence projects, will be $60 million and $125 million respectively. There are, however, now indications that these figures for U.S. expenditures may be low and that they may be raised by a total of $100 million for the two years.)

(b) It is not unlikely that the Standing Group will, in due course, propose, as part of its recommendations for closing the gap in NATO land, sea and air forces, production of 1,800 F-86 airframes in Canada for NATO countries (apart from the 450 that may be required by the United Kingdom) and an expansion of the authorized NATO air training scheme in Canada to train an additional 300 NATO aircrew in 1952 and an additional 1,000 in 1953.

(Such an expansion would require, in the way of additional facilities and training staff, 2 basic and 1 advanced training schools, 400 Harvard and 217 T.33 jet trainers, and some 3,000 R.C.A.F. personnel (including about 600 civilians). This additional plant and staff would be used first for additional R.C.A.F. aircrew training (also expected to be recommended by the Standing Group) before being devoted to training the additional NATO aircrew.)[18]

388. 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 29, 1951

. . .

I. "PARIS PLAN" FOR CLOSING THE GAP IN NATO AIR FORCES AND REPLY TO GENERAL EISENHOWER

1. *The Minister of National Defence* recalled the decision at the meeting of May 29th, 1951, as to the position of the Chief of the Air Staff at the meeting in Paris on June 6th-8th with the Chiefs of the Air Staffs of the United Kingdom, France and the United States, at which the latter had prepared and transmitted to General Eisenhower their final report — the "Paris Plan" — on possible means of closing the gap in NATO air forces.

[18] Noté par le Comité du Cabinet sur la défense, le 29 juin 1951. Cette note de service comprenait une annexe sur la participation financière des États-Unis au programme de défense canadien, qui n'est pas imprimé.
Noted by Cabinet Defence Committee on June 29, 1951. This memorandum included an appendix on the U.S. dollar content in the Canadian defence program which is not printed.

The increased Canadian air effort proposed in the Paris Plan, which was very similar to that envisaged in the earlier version of the plan discussed at the meeting of May 29th, was as follows:

(a) The allocation to the Integrated Force of a division of 12 fighter squadrons with 300 front-line aircraft; a division of 12 light bomber squadrons with 192 front-line aircraft; and 1 long-range transport squadron with 16 aircraft to be based in Canada. The F-86 requirements outside Europe would include 297 aircraft for operational training, squadron build-up in Canada and attrition for the period 1951-54. To this would be added the Integrated Force requirements of 800 aircraft as contained in the Paris Plan, bringing F-86 requirements to a total of 1,097 aircraft, including a 100% war reserve of 300 aircraft not required until after 1954. Thus, the current procurement of 790 F-86's would be sufficient until 1954. On the same basis, the procurement of light bombers would be 514, less a war reserve of 192, or a total of 322 up to 1954. (Present Canadian air commitments to the Integrated Force were 11 fighter squadrons with 203 front-line aircraft and 587 aircraft for reserve, etc.).

(b) The production for NATO countries of F-86 airframes up to Canadian capacity, estimated to be about 1,800 — apart from the aircraft mentioned in (a) and airframes possibly required by the United Kingdom

(c) The establishment and operation:

(1) by September 1st, 1951, of two additional basic flying training schools and, by September 1st, 1952, of 1 advanced school, to train 300 additional NATO aircrew in 1952, and 1,000 additional NATO aircrew in 1953 (beyond the presently-approved 1,400 per year); and

(2) of one light-bomber operational training unit in 1952 for R.C.A.F. aircrew.

(d) The production and/or procurement by 1954 of 322 light bombers, 400 Harvard trainers, 217 T-33 jet trainers and 16 long-range transports additional to those in currently-approved plans.

(e) The acquisition of eight airfields, three air depot sites, three headquarters sites and one hospital site in Europe.

(f) An increase in the R.C.A.F. of 7,638 overseas, 5,482 home forces (including support personnel for both operational commitment in Europe and additional training commitment in Canada) and 1,000 for training, totalling 14,120 and bringing the total R.C.A.F. establishment to 58,320 (of this number 13,316 overseas) and necessitating maintenance of the present recruiting rate until April, 1954.

(g) In addition to expenditures on currently-approved plans, R.C.A.F. expenditure of $305 million in 1952-53, $409 million in 1953-54 and $197 million in the 9 months ending December, 1954, including a share of the infrastructure required by the R.C.A.F. squadrons in Europe, but not the cost of production of F-86 airframes for other NATO countries.

On receiving the Paris Plan, General Eisenhower had asked that the NATO Defence Ministers provide answers by July 2nd to the following questions:

"(a) What major obstacles will have to be overcome by individual nations in order to enable them to meet the suggested targets set out in the Paris Plan and its

appendices? The major obstacles listed should relate only to the provision of air forces...."

"(b) Will the attainment of these targets within the time stated have a major effect on the attainment of army and navy commitments as set out in DC 28?"

The Department of Defence Production had considered the proposals in the Paris Plan for Canadian aircraft production and had indicated that, while it had not been able in the time available to base its comments on detailed production studies, it was fully expected that (with the possible exception of the Canberra light bomber) the Paris Plan production targets could be met provided an adequate supply of GFP were made available.

The Chiefs of Staff had considered the Paris Plan and the related question of possible Canadian contributions towards closing the gap in NATO land and sea forces, and had concluded that the air force gap should not be examined in isolation but rather in relation to concurrent deficiencies in land and sea force contributions. They had, accordingly, recommended that a decision regarding the additional Canadian air effort proposed in the Paris Plan be deferred pending the completion of the Standing Group's study of national force contributions required to fill the gap in navy, army and air forces.

In the circumstances, it was recommended that a reply be sent to General Eisenhower indicating the problems being encountered in realizing the presently-approved programme, pointing out difficulties that would arise in expanding it, and stating that the Canadian government could not reach a decision regarding the Paris Plan pending receipt of the Standing Group's recommendations for closing the gap in NATO land, sea and air forces.

Two papers had been circulated.

(Minister's memorandum, June 26th, 1951, "Consideration of the Paris Plan and the related reply to General Eisenhower's message of June 15, 1951" — Cabinet Document D-288; "Draft reply to General Eisenhower on the acceleration of NATO air forces programmes".)

2. *Mr. Claxton* said that, to do justice to those who had drafted the Paris Plan, it was necessary to add that most of the additional Canadian effort that it proposed would relate to the years 1953 and 1954 and, so far as physical and manpower factors were concerned, could be accomplished by Canada because the presently-approved programme called for a rapid build-up in 1951 and 1952 and a subsequent levelling-off.

3. *The Prime Minister* saw no reason for departing at this time from the decision made at the meeting of May 29th that no additional overall defence commitments could be accepted for 1951-52, and that additional commitments for future years could not yet be considered.

He suggested that there be deleted from the draft reply to General Eisenhower the second part of paragraph 15(b) and the whole of paragraph 15(c), which referred to limitations on U.S. military purchases in Canada and the difficulty of persuading the Canadian people to accept a higher degree of mobilization than that resulting from the current defence programme. With the deletion of paragraph 15(c)

it would be necessary to change the opening words of both paragraphs 15 and 16 so as to remove any impression that the remaining factors listed in paragraph 15 constituted the major obstacles to an increased Canadian air effort. The beginning of paragraph 19 should be revised to indicate that the Canadian government considered that, insofar as Canada was concerned, a decision regarding the Paris Plan must be deferred pending completion of the Standing Group's study.

4. *The Chief of the Air Staff* said that, during the Paris meetings, he had explained to General Eisenhower that the Canadian defence programme was felt to be a large one for this country and that, before it could consider any additional air effort, the government would require the Standing Group's assessment of the additional land, sea and air forces required. General Eisenhower had said that he appreciated the position. He had added, however, that since, in an emergency, European countries were likely to demand the protection of their national air forces, he attached great importance to the R.C.A.F. and U.S.A.F. components of the Integrated Force as the only ones over which he would have undisputed operational control. He had gone on to say that he thought that, for the next few years, Canada, the United Kingdom and the United States should produce considerable airpower because, having been under enemy occupation during the last war, most of the continental NATO countries had serious deficiencies in technically-trained personnel and therefore could not produce the air effort required of them during the years immediately ahead.

General Eisenhower had stated that he believed that the United Kingdom was doing everything of which it was capable, short of total war conditions, and that the manpower situation in Norway was very serious since all men and women were fully employed. Lieutenant-General Gruenther, General Eisenhower's Chief of Staff, had questioned France's ability to increase its air effort by some 1100 front-line aircraft as contemplated in the Paris Plan, without seriously affecting the build-up of its land forces. General Vandenberg, Chief of Staff, U.S.A.F., had indicated that the U.S.A.F. could assume the responsibility for providing these additional 1100 manned aircraft, although it would require further manpower and funds for the purpose. It was a question whether, in view of the terms of the Italian Peace Treaty, Italy could build up its air force to the level contemplated in the Paris Plan. The U.K. and Belgian Chiefs of Staff had indicated that their countries were physically capable of meeting the Paris allocations, and that they expected their governments to accept them. It had been noted that Belgium and Italy would have to be provided with additional U.S. aircraft and funds if they were to meet their increased allocations.

5. *The Committee*, after further discussion, noted the report of the Minister of National Defence regarding the proposals as to means of closing the gap in NATO air forces embodied in the "Paris Plan", and approved the general lines of the Minister's draft reply to General Eisenhower regarding the plan, subject to the modifications suggested by the Prime Minister.

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389. PCO/Vol. 204

Extrait du procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Extract from Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], September 6, 1951

Present:
Mr. N.A. Robertson, in the Chair, (Secretary to the Cabinet),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Mr. M.W. Mackenzie, (Deputy Minister of Defence Production),
Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada).

Also Present:
Mr. R.A. MacKay,
Mr. A.F.W. Plumptre,
Mr. A.G.S. Griffin, (Department of External Affairs),
Mr. J.J. Deutsch, (Department of Finance),
Mr. D.B. Mundy, (Department of Defence Production),
Mr. R.G. Robertson, (Privy Council Office).

Secretariat:
Mr. C.C. Eberts (Privy Council Office),
Mr. H.F. Davis (Department of External Affairs).

. . .

III. PROCEDURE FOR FORMULATING RECOMMENDATIONS ON GAP-CLOSING; U.S. PROPOSALS

16. *Mr. MacKay* said that it was expected that, at the Ottawa meeting of the NATO Council, there would be preliminary discussion of closing the gap in the Medium Term Defence Plan as regards finance and production, and that proposals on gap-closing would be presented at the Rome meeting of the Council and possibly discussed in a preliminary way at the Ottawa meeting.

A Joint Working Group, drawn from NATO agencies, was preparing a statistical report on the cost of the Plan for the Ottawa meeting.

Also, the U.S. government had circulated a memorandum indicating the hope that decisive action on gap-closing would be taken in Rome.[19] This stated that Washington had made an analysis of the approximate orders of magnitude of the total costs of the MTD Plan and of the capabilities of NATO for meeting it; that the screened costs of European force requirements for the full Plan and essential European non-NATO requirements were estimated at $66 billion, of which $36 billion (including $3-$4 billion for European forces needed to fill the gap) represented the major material requirements; and that less than $2 billion of the remaining $30 billion corresponded to the forces gap. It added that the U.S. government was prepared to support a continuation of the U.S. contribution to North Atlantic security

[19] Pour se procurer une version de cette note de service, voir/For a version of this memorandum, see *Foreign Relations of the United States (FRUS)*, 1951, Volume II, pp. 248ff.

at about the present level if the other NATO countries indicated a comparable intention to meet the full requirements of the MTD Plan and joined in making realistic plans.

Appended to the U.S. memorandum was a proposed "Programme of NATO Action" from which it appeared that the U.S. government hoped that in Ottawa the Council would agree to directing the Council Deputies to arrange for the recently-established Joint Working Group, drawn from the FEB, the DPB and the Standing Group, or for a similar body or bodies to put together in time for the Rome meeting a comprehensive report on the various aspects of gap-closing that they have had under consideration, indicating the additional financial, production and force efforts that might be made by each NATO country. The "Programme" indicated the hope that this exercise would bring out the possibility of greater Canadian efforts.

An explanatory memorandum had been circulated.

(External Affairs memorandum, August 31st, 1951 and attached U.S. Embassy memorandum, August 28th, 1951 — Panel Document ED-42)†

17. *Mr. MacKay* undertook, at the request of Mr. Drury, to enquire whether a copy of the U.S. screened analysis of MTD Plan costs was obtainable at this time.

18. *Mr. Drury* thought that the proposal that the NATO agencies prepare a report for consideration in Rome was perhaps inescapable and not unreasonable, although it would mean that all the additional efforts that Canada might be in a position to make would be brought into focus.

19. *Mr. Deutsch* agreed that the result would be somewhat embarrassing for Canada. At the same time, if the North Atlantic countries were sincere in their desire to close the gap, the procedure proposed might be the most effective.

20. *Mr. Plumptre* wondered whether the task of preparing recommendations for additional national efforts was a matter for experts drawn from NATO agencies or for the Council Deputies. His understanding was that the procedure probably contemplated was for the agencies to prepare material for the Deputies where national political considerations would be introduced and the material weighted accordingly prior to submission to the Council in Rome.

21. *The Chairman* expressed concern at the possibility of experts preparing recommendations on national contributions towards gap-closing, since such recommendations appeared to be more properly a matter for negotiation by national representatives in a position to put forward national political considerations. A report from an expert group might acquire such recognition as to make it difficult for governments to bring about modified proposals.

22. *The Deputy Governor of the Bank of Canada* thought that an expert group would not be able to produce a report in time unless it used a U.S. analysis as the basis for its studies.

23. *The Under-Secretary of State for External Affairs* wondered what alternatives there were to the procedure proposed by the United States. The Deputies themselves would not be in a position to undertake the detailed work on the combined report although they could discuss recommendations put forward by the various experts. Should there be bilateral or multilateral negotiations and, if so, by whom?

24. *The Deputy Minister of Defence Production* thought that there might have to be a combination of bilateral and multilateral negotiations.

25. *Mr. Robertson* agreed that there would probably have to be bilateral negotiations but suggested that the results of these would have to be processed on a NATO basis since what was involved was a merger of national interests with a view to agreement on solution of a common problem.

26. *Mr. Heeney* said that his department would draft material on this question, outlining the difficulties in the U.S. proposals, for use by the Canadian ministers attending the Ottawa Council meeting.

27. *The Panel*, after further discussion, noted Mr. MacKay's report and agreed that the Department of External Affairs would:

(a) endeavour to obtain an advance copy of the U.S. screened analysis of Medium Term Defence Plan costs;

(b) draft material on the U.S. proposal as to procedure in preparing recommendations on gap-closing for use by Canadian ministers attending the NATO Council meeting in Ottawa.[20]

390. 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], September 12, 1951

. . .

II. U.K. REQUEST FOR 395 F-86 AIRFRAMES

5. *The Minister of Defence Production* said that from December, 1950, the government had taken the position that the U.K. authorities could be informed that, if they could obtain U.S. engines and other GFP and the Standing Group made an appropriate recommendation regarding allocation of airframes, Canada would be likely to accommodate them in their desire to obtain Canadian-built F-86 airframes as mutual aid.

The Standing Group had recommended that Canada meet the U.K request for airframes and the United Kingdom had recently completed negotiations with the United States looking to provision of U.S. components in time to permit Canada to supply 395 F-86's to the R.A.F. between June, 1953 and January, 1954. In the circumstances, the U.K. government, before making formal application to the U.S. government for provision of these components under the Mutual Defence Assistance Programme, had now asked for formal confirmation of Canada's willingness to supply 395 airframes as mutual aid during the 8-month period mentioned. The

[20] Sur le sort de la proposition visant à combler l'écart, voir le document 476.
On the fate of the American proposal on gap-closing, see Document 476.

aircraft would meet the requirements of 6 R.A.F. squadrons allocated to the Integrated Force under the Paris Plan.

The cost of 395 airframes, with 10% spares, would be about $71 million — representing roughly 3/5 of the total cost of the complete aircraft — of which some $30 million would be required in 1952-53 and $41 million in 1953-54. Present firm commitments for mutual aid involved expenditures in 1952-53 of some $91 million. Thus, with the provision of F-86 airframes, the mutual aid figure for 1952-53 would be $121 million.

As the production of 395 F-86's could be fitted into the defence production programme, he recommended approval for their inclusion in the mutual aid programme and for the United Kingdom to be advised that they would be allocated to the R.A.F.

An explanatory memorandum had been circulated.

(Minister's memorandum, September 10th, 1951, "U.K. request for 395 F-86E airframes in 1953" — Cabinet Document D-302)†

6. *Mr. Howe* added that, if there were to be any additional Canadian mutual aid commitments for the period after 1951-52, F-86 airframes appeared to be the most useful contribution to make and the one that would fit in best with the defence production programme. Present F-86 orders for the R.C.A.F. would be completed by the time the U.S. components became available for the R.A.F.

7. *The Minister of National Defence* said that, while the F-86 proposal had been discussed from time to time with the R.A.F. and U.S.A.F., his department had merely indicated that the government "would give the matter consideration" if provision of U.S. components proved feasible. The point of view of his department in the matter was affected by the consideration that the Standing Group was now suggesting substantial increases in the Canadian forces as a contribution towards closing the gap in North Atlantic Treaty forces at a time when it was calculated that, in the first three years, the presently-approved Canadian defence programme could not be carried out within the $5 billion forecast, and, in fact, was now considered likely to cost something like $5.9 billion, without any allowance being made for contributions towards gap-filling. Thus, any additional mutual aid commitments would require still further appropriations beyond the three-year figure forecast.

8. *The Prime Minister* said that, as it had proved difficult to get some portions of the defence programme under way rapidly, it appeared that fairly substantial sums appropriated might not be spent in 1951-52 which could lead to embarrassment in maintaining present tax levels and requesting large appropriations for 1952-53. The F-86 project, on the other hand, was one that Canada could be sure of carrying out and, at the same time, would make a substantial contribution to gap-closing. It therefore deserved consideration. There was a general feeling that a production contribution to NATO appealed to the Canadian public and that, as Canadian forces cost much more per man than European forces, employment of Canadian manpower in the industrial field, where the Canadian competitive position was good, represented efficient use of the country's resources.

9. *Mr. Claxton* said that the defence production programme was now pretty close to its planned rate. Possibly not more than $100 million of the funds available for 1951-52 would remain unspent at the end of the fiscal year.

Again, more than originally contemplated would have to be spent to carry out the 1952-53 portion of the present programme. In examining the F-86 proposal it appeared desirable to take into account this factor as well as the consideration that there was now mounting pressure for large additional force contributions to NATO. The Standing Group proposals on gap-closing were likely to be largely unchanged when submitted for consideration during the NATO Council meeting in Rome in October or November when there would be a strong appeal to member countries to agree to provide the additional forces proposed. The U.S. and U.K. governments would accept their allocations since they had approved these before they were incorporated in the Standing Group proposals. France, Belgium and the Netherlands were expected to accept something like the allocations proposed in their cases. Thus, Canada would be in a somewhat embarrassing position if it refused to agree to provide some part of the additional forces requested of it.

10. *Mr. St-Laurent* said that, if he were satisfied that it would be more effective for Canada to provide airframes than additional forces, he would not be anxious about NATO criticism. It would not be efficient to try to make the maximum possible contribution of military manpower. There being a gap to be filled in NATO forces, if others had military manpower available, it would be more efficient for Canada to provide that manpower with equipment than to try to man a larger proportion of the equipment it could produce.

11. *Mr. Claxton* thought that, since the Standing Group proposals would have to be carefully examined by the government between the Ottawa and Rome meetings of the NATO Council, it would be advantageous to defer decision on the airframe question for 3 or 4 weeks. Also, should it then be decided that the airframe project should be undertaken, it could be indicated to NATO, at the time when the pressure for gap-closing contributions would be greatest, that Canada was prepared to contribute the F-86's.

12. *Mr. St-Laurent* thought that it would be desirable to approve the airframe proposal now and, in due course, inform NATO that such a contribution represented the decision of the Canadian government. It appeared wiser to make contributions that would be in the best interests of NATO as a whole than to try to make the best showing for Canada by contributing large forces.

13. *The Secretary of State for External Affairs* thought that if $71 million would result in increasing NATO strength by 395 aircraft it would be an important contribution. While there had been no firm undertaking to produce airframes, he thought that the discussions with the U.K. authorities could not have failed to leave them with the impression that the project would be given sympathetic consideration by the government if U.S. components became available.

14. *Mr. Howe* agreed with this view and thought that it had been the intent of earlier discussions in Cabinet and Cabinet Defence Committee to consider a formal U.K. request sympathetically, if one were made.

15. *The Deputy Minister of Finance* enquired whether the airframes would have any U.S. dollar content. Since the current account position for 1951-52 presented difficulties and it was not yet known what the U.S. content of the present Canadian defence programme would cost in 1952-53, it would be necessary to examine carefully any proposals involving expenditures of U.S. dollars in the coming fiscal year.

The defence programme was expected to cost more in 1952-53 than anticipated earlier and the defence budget for that year appeared likely to have to allow also for some expenditures deferred from 1951-52. His Minister would probably consider it desirable in the circumstances to examine the airframe proposal in relation to the expected total budgetary position for 1951-53 rather than in isolation.

16. *Mr. Howe* said that the U.S. content of the airframes — apart from the components to be provided as free U.S. aid to the United Kingdom — would be very small.

17. *Mr. St-Laurent* said that the government would in due course decide on an overall figure for the defence-mutual aid programme for 1952-53 and would stick to it in the face of any subsequent pressures for increased contributions. Meanwhile, his feeling was that the airframe project was the kind of thing that it would be easier to undertake than the provision of additional manpower.

18. *Mr. Claxton* said that the deficiency of some 2700 aircraft shown in the Paris Plan had been the basis of the suggestion in the Standing Group proposals that the front-line strength of Canada's air contribution to the Integrated Force be increased from 203 to 300 aircraft. If, instead of meeting some portion of the Standing Group proposals regarding air contributions, Canada gave aircraft to the United Kingdom, it would not get much credit as making a contribution to gap-closing.

19. *Mr. St-Laurent* thought that the emphasis should be on doing what would most benefit NATO as a whole rather than on seeking to obtain credit for contributing large forces.

20. *The Deputy Minister of National Defence* said that there were some doubts as to the effect of a Canadian contribution of F-86's. Mr. Henderson, U.K. Secretary of State for Air, had indicated, before the U.K. formal request was received, that if these aircraft could not be made available for 2 or 3 years, the United Kingdom might have to make arrangements to use instead the F-3 that it was developing. In providing F-86's, Canada might, therefore, be merely relieving the United Kingdom of the expense of resorting to aircraft that it could make itself, rather than making an addition to the strength of the Integrated Force that could not be made by the United Kingdom.

21. *The Chief of the Air Staff* said that the position was that, in 1953, there would be no aircraft other than the F-86 that could deal with the Soviet MIG-15 and that it was not expected to be possible to initiate large-scale production of the U.K. F-3 until the early part of 1954.

22. *The Chairman, Chiefs of Staff Committee* said that the effect of provision of F-86's to the United Kingdom would be to ensure that six squadrons would be equipped about the beginning of 1954 rather than late in 1954.

23. *Mr. Pearson* suggested that the equipping of 6 squadrons a year earlier than would otherwise be possible would represent a useful step.

24. *Mr. Claxton* said that it would only be possible to provide the airframes if the defence budget for the next two years were increased beyond the figure contemplated when it had been forecast that the defence programme would cost $5 billion during the first three years.

25. *Mr. Pearson* said that, if this position were taken, it would probably mean that Canada would not provide any mutual aid, beyond present commitments, after 1951-52, and that it was useless for further consideration to be given in NATO agencies to what Canada could most usefully produce as aid.

26. *The Deputy Minister of Defence Production* pointed out that, in compliance with the Committee's decision of April 17th, 1951, NATO had been informed that the government was prepared to consider proposals for additional aid in 1952-53 and that proposals regarding aid from production should be received at an early date. The U.K. proposal appeared to fit into this scheme of things.

27. *Mr. St-Laurent* said that, if provision of airframes would merely compete with other possible Canadian measures for closing the gap, it would be satisfactory, but that it would be another matter if it competed for funds with existing commitments to NATO represented by the present defence plans. He did not think it would be difficult to inform NATO that Canada was not going to increase its manpower contribution. This was a position that it could defend and which would be supported by the Canadian public.

28. *Mr. Claxton* said that, unless the F-86 project were classed as a separate mutual aid item and a vote provided for it over and above the funds required for the present defence programme, it would compete with the latter.

29. *Mr. Howe* thought that it would be a shock to the U.K. and U.S. authorities if Canada failed to provide F-86's after the lengthy discussions and negotiations that had taken place.

30. *Mr. Claxton* said that he had recently told Mr. Henderson that Canada might not be able to provide F-86's. While Mr. Henderson had been surprised, he did now know that the airframes might not be forthcoming.

31. *Mr. Pearson* suggested that, if the F-86 proposal were rejected, Canada should inform other NATO countries that they should not expect any further mutual aid from Canadian production beyond present commitments, since, as a result of earlier public statements, NATO had the impression that Canada planned to make a substantial contribution by means of production.

32. *Dr. Clark* said that while, earlier, it had been expected that it would be possible to provide additional mutual aid after 1951-52, it was now possible that the present defence programme would cost so much in 1952-53 that Canada could not afford to furnish additional aid.

33. *Mr. St-Laurent* thought that it would be undesirable to recommend the airframe project to Cabinet without its being first examined again with the Minister of Finance present. On the other hand, he would not be in favour of rejecting the project forthwith.

34. *The Committee*, after further discussion, noted the recommendation of the Minister of Defence Production that Canada provide 395 F-86 airframes to the United Kingdom as mutual aid in 1953, and agreed to defer decision until the matter could be discussed again at an early date with the Minister of Finance present and on the basis of a tabulation, to be prepared by the Department of National Defence, of the estimated cost after 1951-52 of presently-approved defence plans.

III. STANDING GROUP PROPOSALS ON GAP-CLOSING; REPORT

35. *The Minister of National Defence* gave a report on proposals of the Standing Group for gap-closing, now before the North Atlantic Military Representatives Committee, since these would be very much in the minds of those attending the NATO Council meeting beginning in Ottawa on September 15th.

The proposals, prepared with mainly military considerations in mind, would give rise to problems of finance, manpower and production. They were based on the total force requirements and national commitments originally set forth in the Medium Term Defence Plan. Since formulating its proposals, the Standing Group had received General Eisenhower's estimate of major force requirements for the defence of Western Europe, based on a "forward strategy" and a target date of July 1st, 1954. In general, these requirements were of the same order of magnitude as those in the MTD Plan, although they showed the land and naval forces as required sooner after D-Day than was suggested by the Standing Group.

The *additional* Canadian contributions proposed by the Standing Group were:

(a) *Sea*—6 escorts, 22 ocean minesweepers and 4 coastal minesweepers for the North Atlantic Ocean Region — together requiring capital expenditures of $148 million between April 1st, 1952 and March 31st, 1956, recurring expenditures of $40.5 million, and 7,800 personnel.

(b) *Land*—1 2/3 divisions in Europe by D plus 30 requiring (i) before D-Day, a full division in Europe with the equipment for a second, and one fully-trained division in Canada; and (ii) assuming the Korean commitment ended, 46,500 personnel and recurring expenditures of $140.5 million (for two infantry divisions), or 24,500 personnel, capital expenditures of $114.8 million and recurring expenditures of $86.1 million (for two armoured divisions).

(c) *Air*—for the Integrated Force, an increase of 97 aircraft in the first-line strength of the R.C.A.F. fighter division, a bomber division of 192 first-line aircraft, and one supporting long-range transport squadron; and, for NATO, facilities and aircraft to permit the training of 300 pupils in 1952 and 1,000 in 1953 — together requiring expenditures of $709.6 million between April 1st, 1952 and March 31st, 1955 and 14,120 personnel (without provision for infrastructure, war reserve aircraft or war stockpiling of POL and ammunition).

The Standing Group had asked the NATO Chiefs of Staff for comments on its proposals by September 12th. The Canadian Chiefs of Staff had made a preliminary reply, on the proposals affecting Canada, which, besides offering certain criticisms and pointing out obstacles to realization of some of the proposals, indicated that the short time available did not permit formulation of a conclusion, although the matter was under urgent examination. The Chiefs of Staff had now prepared analyses indi-

cating the implications of accepting the full proposals, together with alternative proposals for consideration should the government be prepared to increase present commitments. Canada was, of course, not in a position to undertake all of the additional commitments suggested.

While the Standing Group proposals were not on the agenda for the Ottawa meeting of the NATO Council, the Standing Group would be commenting on the problem in its report to that meeting. As a fuller reply would have to be given to the Standing Group and the Canadian position would have to be clarified before the meetings of the Military Committee and the Council in Rome in October or November, it was suggested that Cabinet Defence Committee examine the Standing Group proposals after the Ottawa meeting of the Council.

An explanatory memorandum had been circulated.

(Minister's memorandum, September 11th, 1951, "NATO Medium Term Plan force requirements; national contributions to close the gap; report" — Cabinet Document D-301)†

36. *The Committee* noted the report of the Minister of National Defence regarding the Standing Group proposals on gap-closing and appreciations of these proposals prepared by the Chiefs of Staff, and agreed to examine the question after the Ottawa meeting of the North Atlantic Council.

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391. 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], October 2, 1951

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I. STANDING GROUP PROPOSALS ON GAP CLOSING; POSITION TO BE TAKEN BY CHAIRMAN, CHIEFS OF STAFF COMMITTEE

1. *The Minister of National Defence* recalled the report he had given at the meeting of September 12th, 1951, regarding the proposals on gap-closing placed by the Standing Group before the Military Representatives Committee and the preliminary comments communicated to the Standing Group through the Canadian representative.

At the recent North Atlantic Council meeting Canadian and other delegations had emphasized that when proposals for national force contributions were being drafted in the Standing Group organization all member governments, and not merely those of the Standing Group countries, should be fully consulted at all stages through their military representatives. The Standing Group had agreed that its paper on gap-closing was merely a working paper and was open to discussion and change before being reported to the Military Committee or the 12-nation Min-

isterial Committee concerned with gap-closing. It was prepared to discuss immediately with the Chairman, Chiefs of Staff Committee the proposals affecting Canada.

It appeared desirable for General Foulkes to have a discussion with the Standing Group before any further written comments were made on its proposals. He might again explain to the Standing Group the Canadian position with regard to manpower, production and finance, neither firmly rejecting, nor committing Canada to, the Standing Group proposals, and indicating that the government was prepared to consider any adaptations of its defence plans not requiring any additional men or money for the present.

As regards the Standing Group proposals that Canada provide 22 ocean minesweepers and an additional 6 escorts and 4 coastal minesweepers, the reference to the ocean minesweepers was a mistake that should be corrected and General Foulkes might say that construction of the additional escorts and coastal minesweepers would depend on how the present Naval construction programme progressed, but that additional ships could not be completed by July 1st, 1954.

With regard to the proposal that Canada provide an additional one and two-thirds Army divisions in Europe by D plus 30, he might indicate that this was not practical but that, if the Korean commitment were ended, Canada might be able to provide an additional two-thirds of a division in Europe by D plus the time required to move this formation overseas, and should be able to provide a second division some time after D plus 180. When the Korean commitment came to an end, there should be enough men and equipment available to provide the additional two-thirds of a division in Europe in the manner outlined, although this would deplete reserves. Preliminary discussion indicated that the Standing Group was likely to consider these revised Army proposals as realistic.

The Standing Group had proposed that Canada provide 12 fighter squadrons, each with 25 aircraft, instead of 11 squadrons with 16 aircraft; a light bomber division; a long-range transport squadron; and facilities to train an additional 300 NATO aircrew in 1952 and an additional 1,000 in 1953. This would mean that, by D-Day, Canada would be expected to have in Europe about one-third as much air strength as the United States. This was utterly unrealistic. He suggested that General Foulkes might say that it might be possible to increase the fighter squadrons to 12 and raise the number of aircraft in each squadron somewhat beyond the 16 now planned; that a light bomber division could not be provided; that Canada would have a heavy transport squadron available for use where most appropriate; and that it was prepared to train as many additional NATO aircrew as possible without further expansion of present training facilities. These facilities might possibly produce 100-200 additional aircrew per year.

2. *Mr. Claxton* suggested that it would be a good thing if, after the Rome meeting of the North Atlantic Council, the nations stopped talking about "closing the gap". Direct negotiations would produce better results. After the Rome meeting General Eisenhower should be in a position to know what forces he could count on receiving from member countries.

3. *The Chairman, Chiefs of Staff Committee* said that the Standing Group had indicated that it hoped to reconcile force requirements and probable contributions

within the next few days and report its conclusions to the NATO Ministerial Committee which would be meeting in Paris on October 9th. It was therefore important that he meet with the Standing Group immediately and discuss its proposals with it along the lines suggested by Mr. Claxton with a view to having the proposals modified in advance of the Standing Group's report to the Ministerial Committee. He did not feel that he need discuss with the Standing Group the provision of the second division towards the end of the first year after D-Day, since the Standing Group proposals only related to forces to be provided by D plus 90.

4. *The Prime Minister* remarked that the position on gap-closing suggested by Mr. Claxton represented what was physically possible for Canada.

5. *The Minister of Finance* considered the proposed approach to the problem a sensible one.

6. *The Committee*, after further discussion, approved the recommendations of the Minister of National Defence that, for the present at least, the Standing Group be given no further comments in writing on its proposals on gap-closing and that, during his forthcoming discussion of the matter with the Standing Group, the Chairman, Chiefs of Staff Committee should:

(a) explain the Canadian position with regard to manpower, production and finance, neither firmly rejecting, nor committing Canada to, the Standing Group proposals and indicating that the government was prepared to consider any adaptations of its defence plans not requiring additional men or money for the present;

(b) state that construction of the proposed additional 6 escort vessels and 4 coastal minesweepers would depend on how the present naval construction programme progressed (also pointing out that the proposal for the contribution of 22 ocean minesweepers had been made in error);

(c) as regards the proposal for an additional one and two-thirds Army divisions in Europe by D plus 30, state that this was not practicable but that, if the Korean commitment were liquidated, Canada might be in a position to provide an additional two-thirds of a division in Europe within the time after D-Day required to move this formation overseas;

(d) as regards the Air Force proposals, state that it might be possible to increase the fighter contribution to the Integrated Force from 11 to 12 squadrons and raise the number of aircraft in each squadron beyond the 16 now planned; that the government could not consider providing a light bomber division; that it would have a heavy transport squadron available for use where most appropriate; and that it was prepared to train as many additional NATO aircrew as possible without further expansion of planned training facilities.

III. PRODUCTION OF F-86 AIRFRAMES FOR THE U.K.; PURCHASE OF TANKS IN THE U.K.

17. *The Minister of National Defence* recalled that, at the meeting of September 12th, 1951, it had been agreed to give further consideration to the U.K. request for Canadian provision of 395 F-86 airframes as mutual aid between June, 1953 and January, 1954. This would strengthen the Integrated Force. It was feasible from the

point of view of Canadian productive capacity, but he had suggested that it would have to be considered as part of the general Canadian defence programme.

It had been found that the United States could not give an undertaking as to when it would be able to supply the tanks required for three divisions; that present U.S. types of tanks were less satisfactory, and likely to be about three times more costly, than U.K. "Centurions"; and that the United Kingdom might be able to provide such tanks at a satisfactory rate of delivery between 1951 and 1953. In the circumstances, and as the 27th Canadian Infantry Brigade would be grouped with, and maintained by, the U.K. army in Europe, it appeared preferable to obtain the necessary tanks in the United Kingdom rather than pursue the question of buying them in the United States.

There was a possibility of criticism if the government agreed to give a large number of airframes to the United Kingdom and, at the same time, decided to make a large purchase of tanks in the United Kingdom. After consulting the Prime Minister, he had therefore sent a message to London suggesting exploration with the U.K. authorities of the possibility of an arrangement whereby Canada would provide the airframes as mutual aid as requested and the United Kingdom would in effect barter up to 280 "Centurions" for military equipment to be ordered by it in Canada. The Canadian High Commissioner had taken up the matter with U.K. officials who, while not excluding the possibility of agreeing to an offsetting arrangement of the type proposed, had suggested that it would be preferable for dollars realized on the sale of "Centurions" to Canada to be devoted to the reduction of the sterling area's balance of payments deficit with Canada, and had enquired whether, in addition to Canadian military equipment, Canadian strategic materials could be included in the proposed offsetting arrangement.

(Telegram 2451, October 1st, 1951, to the Secretary of State for External Affairs from the High Commissioner, London)†

18. *The Minister of Defence Production and the Minister of Finance* thought it preferable to avoid a bilateral offsetting arrangement of the type in question.

19. *Mr. Abbott* also considered that the tanks should be bought in the United Kingdom on a normal commercial basis without reference to the provision of airframes. Purchasing tanks there as against the United States would conserve foreign exchange and the United Kingdom would spend in Canada its dollar earnings from the tanks. Since it was generally understood that North America was spending relatively large sums on production aid to Western Europe instead of committing large numbers of troops to the Integrated Force, there should be no misunderstanding if airframes were given to the United Kingdom when tanks were being bought there. There was the further consideration that Canada did not produce tanks and was apparently not in a position to purchase them in the United States on satisfactory terms.

20. *The Prime Minister* said that, as the 27th Brigade would be grouped with U.K. forces, possession of "Centurions" would be useful as facilitating maintenance of the brigade's tanks.

The F-86 project would represent a tripartite contribution to the Integrated Force.

21. *Mr. Abbott* considered F-86 airframes a rational contribution for Canada to make and noted that they would have to be paid for out of the overall figures eventually set for expenditures on the general defence programme in the fiscal years 1952-53 and 1953-54.

22. *Mr. Claxton* said that, if approved, the F-86 project was likely to become public knowledge when the U.S. government submitted its aid programme to Congress. Care would, perhaps, have to be taken in handling publicity on this project and on the tank purchase in order to avoid criticism that Canada was assisting the United Kingdom but receiving nothing in return.

23. *Mr. Abbott* did not believe that the two transactions would be linked in this way or that publicity need be given to the tank order which was merely one of a large number being placed under the current defence programme.

24. *The Committee*, after further discussion, noted the report of the Minister of National Defence and agreed that:

(a) 395 F-86 airframes, with 10% spares, be provided to the United Kingdom as mutual aid, at a cost of about $30 million in the fiscal year 1952-53 and about $41 million in 1953-54; the U.K. government to be informed accordingly;

(b) rather than pursue the question of procuring from U.S. sources the tanks required for three divisions, steps be taken to purchase, if possible, up to 280 "Centurion" tanks in the United Kingdom, on the understanding that this purchase would be on a normal commercial basis and not form part of a transaction involving the airframes mentioned in (a) or U.K. purchases of military equipment in Canada.

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392. DEA/50030-X-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 D-3306 Ottawa, October 15, 1951

TOP SECRET

EXCHANGE OF VIEWS WITH STANDING GROUP ON CANADIAN FORCE CONTRIBUTIONS — STANDING GROUP PAPER MRC 5/2.†

I thought that you should be kept advised of recent exchanges of views with the Standing Group on force requirements and contributions to fill the gap and other related matters.

At its meeting on October 2nd Cabinet Defence Committee discussed Standing Group paper MRC 5/2, the report of the Working Group on filling the gap. It was understood that the Standing Group intended to send their proposals to the temporary Committee of Twelve in Paris by October 10th without submitting them first

to the Military Committee. As you know, Canada objects to Standing Group proposals being put forward without proper consultation, and as the Canadian Chiefs of Staff had several objections and corrections to make in the paper, it was decided that General Foulkes should go at once to Washington to discuss the matter with the Standing Group. For the present no further comments on the report will be made in writing.

Following is an outline of the views which General Foulkes was authorized to express to the Standing Group:

(1) The Canadian position with regard to manpower, production and finance was to be discussed and, while he was neither to reject the Standing Group proposals nor commit Canada to them, General Foulkes was to indicate that the Government is prepared to consider any adaptation of its defence plans which do not require additional men or money for the present.

(2) Regarding the additional Naval contribution suggested in MRC 5/2, General Foulkes was to point out that the proposal for 22 ocean minesweepers must have been made in error. The suggested additional 6 escort vessels and 4 coastal minesweepers could not be completed by 1954 and their construction would depend on the progress of the present Naval programme.

(3) As to the additional Army contribution, it was not practicable for Canada to provide an additional one and two-thirds divisions in Europe by D plus 30. Canada might, however, be in a position to provide an additional two-thirds of a division should the Korean commitment be liquidated, this additional force to reach Europe within the time required after D-Day to move the formation overseas.

(4) As regards the Air Force proposals, the Government could not consider providing a light bomber division, but it might be possible to increase the contribution to the Integrated Force from 11 to 12 fighter squadrons and to raise the operational strength of each squadron beyond the 16 aircraft now planned. A heavy transport squadron would be available, and the Government is prepared to train as many additional aircrew as possible without further expansion of the planned training facilities.

It was stated during the discussion on the Army contribution that an additional division could be ready by D plus 180, but it was decided that General Foulkes should not mention this to the Standing Group, as the present exercise did not deal with forces that far in the future.

On the point of increasing the operational strength of the fighter squadrons, it was felt that they might be raised to 25 operational aircraft, but General Foulkes will not suggest any specific increase to the Standing Group.

It was also the opinion of the Cabinet Defence Committee that the gap-closing exercises should be considered finished after the Committee of Twelve report at the Rome meeting and the Military Committee and Council have acted on their report.

General Foulkes saw the Standing Group on October 3rd and reported on his discussions at the next meeting of the Canadian Chiefs of Staff Committee. He explained that he had had satisfactory discussions with the Standing Group at a

meeting where the working team concerned with the preparation of the Standing Group paper on NATO force requirements was also present.

In regard to the army contributions the Standing Group agreed that the suggestion that Canada should provide a full division in Europe by D plus 30 was in error, as it would be militarily impossible for Canada to assemble ships and move a force of this size within thirty days after D-Day. The attention of the Standing Group was drawn to the necessity of carefully studying all the practical aspects of its suggestions before they are circulated, as errors of this kind adversely affect the Standing Group's military prestige. The meeting was told that Canada was prepared to consider the provision of one division as soon after D-Day as shipping became available but that this increased commitment could not be undertaken until after October, 1952.

Regarding the suggested increase in naval force it appeared that the Standing Group had not been clear on the construction capability of Canada in respect of escort vessels and that the ocean minesweepers had been added in error. This would be corrected.

On the subject of the air force contribution, the Standing Group expressed disappointment that Canada could not make the recommended increases. It would help if the fighter air group could be increased from 203 to 300 high-level day fighters but General Foulkes advised that this could only be accomplished by using some of the reserve aircraft intended to back up the original force of 203.

It appeared that no progress had been made by the Standing Group in allocating air training space. The Standing Group found itself in a most awkward position because while Canada was adhering to the original decision that the Standing Group would allocate all NATO training spaces, it had been decided that the allotment of U.S. spaces for NATO trainees would continue to be the responsibility of M.D.A.P. It was pointed out to the meeting that this problem could only be resolved by the Standing Group.

It was learned that the Standing Group had accepted the Canadian amendment concerning the status of the Military Representatives' Committee and planned to present it to the Military Committee as a part of a Standing Group paper. This amendment would mean that military representatives in committee or individually could deal with matters on behalf of their national chiefs of staff when specifically empowered to do so, whereas in the past some of these had been handled exclusively by the Military Committee.

It was also learned that the Standing Group had agreed that military advice to the Council Deputies should come from the twelve nations in the Military Repre-

sentatives' Committee instead of from the Standing Group. It was recognized that this policy should be spelled out to ensure complete clarity on a working level.[21]

A.D.P. HEENEY
for Secretary of State
for External Affairs

2e PARTIE/PART 2

LA CONTRIBUTION AUX FORCES MILITAIRES UNIFIÉES : LE 27e GROUPE DE BRIGADE D'INFANTERIE
CONTRIBUTION TO THE INTEGRATED FORCE: 27TH INFANTRY BRIGADE GROUP

393.

B.C./Vol. 102

Note du chef de l'état-major général pour le ministre de la Défense nationale

Memorandum from Chief of General Staff to Minister of National Defence

TOP SECRET

Ottawa, July 16, 1951

GROUPING OF CANADIAN FORCES IN EUROPE[22]

1. The decision as to whether Canadian forces allocated to the Integrated Force in Europe under General Eisenhower should be placed under UK or US command is one having repercussions extending far beyond purely military considerations of ease of maintenance. Major issues of national concern must be weighed along with the factors of immediate military expediency. The decision is one which should be made by the Canadian Government after most careful consideration of all the issues. This memorandum attempts to present those issues as the basis for a decision.

2. It is manifestly impracticable for Canada to establish a separate line of communication to maintain her forces in the European theatre either in peace or in war. Our forces must be maintained on the lines of communication of either the US or the UK, or a combination of the two. The choice for Canadian forces is therefore that of being grouped under either US or UK command.

INTERNATIONAL POLITICAL CONSIDERATIONS

[21] Pour l'étude ultérieure des contributions des forces canadiennes et les mesures prises pour combler l'écart, voir les documents 492-504.
For subsequent consideration of Canadian force contributions and the gap closing exercises, see Documents 492-504.

[22] Au sujet de la décision d'envoyer des troupes canadiennes en Europe, voir le document 375.
On the decision to send Canadian forces to Europe, see Document 375.

3. In building resistance to the expansion of Russian communism it is important to foster and maintain a "balance of power" within the western democratic alliance. Following the First World War, the term "balance of power" was represented as inferring an obsolete and dishonest system of diplomacy, antagonistic to the principles upon which international relations should be conducted in a democratic world. "Balance of power" is, in fact, essential to any democratic group of persons or nations. It implies a balancing restraint upon arbitrary unilateral action. Its practical application within NATO at the present time is to find a counter-balance to the disproportionate and preponderating power of the US. If Canada is to continue to develop as an independent nation on the North American Continent, we should be in the van of those interested in contributing to such a counter-balance. This is not intended to imply any unfriendliness to our neighbour to the south. It is merely facing the elementary facts of our situation. The US has risen to an unprecedented position of dominance in the modern world. She is still young in experience of world affairs and her policies are, at times, subject to unpredictable emotional influences. Without some balancing restraint, it is just conceivable that in the grip of sudden emotion, the US might carry the democratic world to the very debacle it is attempting to avoid in accepting the leadership of the US under the North Atlantic Treaty — namely to a third world war.

4. Nor is there any need for the issue to sharpen into a choice between domination by the USSR or domination by the US. The building of strength to check Communism is not incompatible with the development of a proper balance within the North Atlantic alliance. It is of the highest importance to foster this balance as the military strength of NATO increases. Many influential political and military leaders in the US have doubts as to the ability of American democracy to stand up to a really "long pull" — an armed truce lasting for many years accompanied by a continuous war of nerves — once sufficient strength is available to provoke a showdown.

5. It appears from every point of view that the best interests of Canada will be served by helping to provide a counter-balance to the power of the US rather than by augmenting that power. Many of the smaller NATO countries take their lead from Canada and if our contribution goes towards augmenting the power of the US theirs will go also, and we may lead a movement which will wreck all possibility of eventually establishing a balance.

6. The question for Canada to decide is whether it is in her best interests to move in a direction which may start a land-slide towards the US camp and assure the complete dominance of the US, or whether her influence should be used as one of the locking stones in building a dam against this strong pressure.

Preservation of Canadian National Identity

7. As a result of cooperation in two world wars, the British are fully conscious of the importance of respecting the national identity of Canadian forces serving with them. With an historical and traditional background of partnership in alliances and the growth of understanding of the real nature of the Commonwealth association, British leaders have learned to respect and even to be indulgent towards the

national wishes and peculiarities of armed forces of other countries serving with them.

8. Most US leaders are still, even if unconsciously, forcefully crusading for the "American Way of Life", are less indulgent in accepting differences in others and, in fact, are inclined to the view that anything different is wrong and should be changed. We have had ample and recent experience of the tendency on the part of US military leaders to ignore Canadian national susceptibilities in matters concerning continental defence.

9. Canadian forces are going to be more and more closely associated with US forces in North American defence. It seems desirable that outside of North America, there should be a counter-balance to integration and absorption.

Influence on Other Members of NATO

10. In the US zone Canadian forces would be cooperating with US forces and possibly on occasions with the French. The French army is extremely sensitive to anything which savours of tutelage and it is unlikely that the presence of a Canadian element would prove any great stimulant to the tempo of French military training. In the British zone Canadian forces would be in close touch with Dutch and Belgian forces of comparable size as well as with UK forces. In the course of conversation General Eisenhower stressed the importance of stimulating morale, training and battle worthiness of the Belgian and more particularly of the Dutch forces at the present time. The prestige of the Canadian Army stands very high with both the Belgians and the Dutch. Prejudices stemming from historical background rather than from any objective consideration of present realities give rise both in Belgium and Holland to a subtle and indefinable resistance to UK leadership. The presence of a Canadian brigade to set an example in vigorous military training might well spark the Belgian and Dutch military efforts into far greater and more realistic activity. This consideration alone would provide an adequate explanation to the US as to why we are not grouping our forces with theirs, should Canada's decision lead to this conclusion.

Relations with German Population and Europeans

11. The relations between the German population and occupying troops are better in the British zone than in the American, though in the latter zone they have lately improved. The large influx of partially trained American troops within the next few months is likely to result in a new deterioration. The reputation of Canadian forces for good conduct and discipline stands at a high level throughout Western Europe and in terms of relationships both with the Germans and with our allies it is most desirable that this reputation should be maintained. Regardless of the extent to which strictures on the discipline of US troops, as compared to those of other countries, may be justified, it is inevitable that as representatives of the major and dominating member of NATO, they will be the main target for criticism by Europeans. If Canadian forces are grouped with those of the US, Canadians will fall heir to such criticism. Having regard to the role of stimulating European morale, in the event that the present tension continues and related to the "long pull", it is highly impor-

tant that good relations should exist both with our European allies and the Germans.

SIGNIFICANCE OF THE CANADIAN CONTRIBUTION

12. In comparison with the US forces in Europe, the Canadian contribution will be numerically insignificant. In the event of war this disparity would become even greater.

13. Though in terms of the peacetime strength of forces the British contribution on the continent is comparable to the US and numerically the disparity in the Canadian contribution will appear almost as great as in contrast with the US forces, in war the Canadian contribution would be highly significant. The UK would definitely want the physical contribution that Canada could make. The US attitude is one of helpful friendliness which suggests that to the US the Canadian contribution is not significant in a material sense but is appreciated as a token of allied cooperation and acceptance of their leadership.

Sentiment Within the Canadian Army

14. There is no doubt that the Canadian Army would prefer to be grouped under British command. Canadian officers and men have confidence in the professional capacity and skill of British commanders and feel with every good reason that the British are fully cognizant of the importance of observing the national identity of a Canadian force. The decision to group the 25 Canadian Infantry Brigade in the Commonwealth Division in the Far East was enthusiastically received throughout the whole Canadian Army.

15. If Canadian forces are grouped with British forces it represents merely the continuation of an association which has existed in two world wars and which has been profitable and deeply satisfying to both parties. To group with the US forces now means severing a past connection and establishing a new. Both in UK and among the other Commonwealth countries, this will be interpreted as a drift from that association at a time when it is in greatest need of support. Canadian statesmen have reiterated on numerous occasions that it is Canadian policy to support the Commonwealth. The grouping of Canadian forces in Europe with those of the US will certainly be widely interpreted as a change from such a policy and as implying on Canada's part some loss of confidence in the practical value of the Commonwealth association.

Command, Staff Training and Tactics

16. There is an eminently practical aspect growing out of this historical association. The Canadian Army trained in the past and fought in the last war on tactics, staff training and command procedures, for practical purposes identical with those of the British Army. Canadian Army organization is similar to the British Army, which even some senior US officers admit is more economical and more efficient than their own. The psychological outlook of the Canadian officer is more akin to the British than to the US. It was the experience in the last war, and has been in Korea, that US commanders, coming from a nation with large resources of manpower and great manufacturing potential incline to be more prodigal of both manpower and equipment in the conduct of operations. Since the First World War, the

British have had to husband their resources, and will usually achieve the same result with smaller losses, making up for lack of numbers and lavish supplies of equipment, by careful operational planning and close tactical integration of all arms and weapons. The British economize by teaching a high standard of care and maintenance of equipment, and abuse or abandonment of equipment is treated with severity. The Americans tend to the attitude of expendability of equipment and "there's lots more where that one came from". It is obviously to the advantage of the Canadian Army to adhere to a tactical doctrine which stresses high operational efficiency with a view to economizing both in manpower and material.

17. Though since the last war much greater emphasis has been placed upon the teachings of US as well as British staff and command procedures in our active force, Canadian trained reserves represented by officers and men who served during the last war are familiar only with British practice.

THE PROBLEM OF MAINTENANCE

18. Though the 27 Canadian Infantry Brigade which is being raised for service in Europe is to be equipped with US type of equipment (except for motor transport), should an emergency arise within the next 18 months and Canada be called upon to fulfil her commitment to provide two divisions in the first twelve months of war, these divisions would have to proceed overseas with UK type of equipment. Our only existing mobilization plan, resting upon tripartite planning before NATO came into being, is based upon the grouping of Canadian Army forces under UK command, and these plans include detailed studies and tentative agreement between the Canadian Army and the War Office as to the provision of administrative units by each party to maintain Canadian forces in operations. This arrangement is highly advantageous to Canada from the point of view of manpower overhead in rearward echelons, and it would take a long time and detailed international staff studies to reach a similar arrangement with the US Army.

19. The regrouping of the Integrated Forces in Europe is under consideration at the highest levels at the present time. At the moment the British forces, with the Dutch and Belgians under command, are in the northern sector, extending from the North Sea roughly to a line including the Ruhr and passing north of Kassel. The UK communications are designed in war to run from Antwerp towards Gladbach. The central sector bounded by a line excluding the Ruhr but including Kassel in the north to, roughly, the line Frankfort-Fulda in the south, is occupied by a mixture of French and American troops. The southern sector, from the Frankfort-Fulda to the Swiss Alps, is also occupied by a mixture of French and American troops. The present dispositions are based more upon available accommodation than upon considerations of strategy. The US communications, designed to run from Bordeaux to Metz, cut across the communications which would have to maintain the French armies in operations. It is the view of the US General Staff that national forces should be regrouped to place all the US forces in the central sector with their communications running from Metz up the Moselle Valley. The southern sector would be the responsibility of the French forces. This would result in a better alignment in the communications supporting both. If this regrouping takes place it would eventually bring the communications maintaining the UK and US forces closer together

and would ease the problem of maintaining Canadian forces regardless of the command under which they were grouped. It would be highly desirable if the arrangements made permitted our forces to be served by either the UK or the US lines of communication. At the present time, of course, UK forces are being maintained from Hamburg and US forces from Bremerhaven, so that no immediate obstacles should arise in maintaining 27 Brigade in peacetime.

Geographical Location

20. If the Canadian brigade serves under American command in the US zone of Germany two alternative locations are offered:

(a) In the area of Kassel on the extreme northern limit of the central sector next to the British zone and in direct contact with the Russian zone.

(b) On the extreme southern edge of the US zone south of Munich and again in an area nearest to the Russian zone. Either of these locations would ensure the Canadian brigade being immediately involved should the Russians make an aggressive move.

21. If located in the British zone the Canadian brigade would be positioned on the east bank of the Rhine just north of the Ruhr available in an emergency to man a lay back position on the west bank of the Rhine. This would be a much better operational position for the brigade and in addition it would have better access to training areas and better training facilities than in either of the areas proposed in the US zone.

ADMINISTRATIVE MANPOWER COMMITMENT

22. Whatever arrangements are finally decided upon, it should be made clear that the maintenance of a Canadian force abroad will always entail a small administrative "tail" to ensure the timely delivery of distinctively Canadian items of supply. This will apply to Canadian uniforms and items of dress and in the case of 27 Canadian Infantry Brigade will apply to motor transport. In other words, it will probably never be feasible to have the Canadian supply line absorbed completely into that of any other country.

23. The details of the administrative arrangements for 27 Canadian Infantry Brigade can, of course, not be made firm until the major decision has been taken, but it would appear that the supplementary detachments and liaison sections would require about the same numbers and types of officers and men whether our communications run through British or American channels.

Maintenance of Equipment

24. Unless the American forces are concentrated in the central sector next to the UK forces the maintenance of equipment would be easier if the Canadian Brigade is grouped under US command. The present controversy over small arms has a bearing on the equipment problem. If Canada decides to adopt the .30 the advantage would lie from the equipment point of view in grouping with the US forces. If Canada decides to adopt the .280, or to await more conclusive tests for the .280 and retain the .303 in the interim period, the advantage would lie in favour of being grouped with the British forces. Canadian type vehicles with 27 Brigade will

remain a Canadian responsibility in any case, and will account for the greater part of the repair work. In the longer term both the Dutch and Belgian forces are converting to the US type of equipment, though they will continue to operate under British command. In this event the maintenance of the Canadian brigade in US type of equipment whilst grouped under British command would provide no insurmountable obstacles.

Financial Considerations

25. It is desirable that the cost of maintenance of the Canadian brigade overseas should be financed by capitation rate arrangements payable to the US or UK government, whichever is responsible for maintenance. The situation vis-à-vis US dollar exchange would appear to favour the grouping with British forces where payment would be in sterling (even though the capitation rate offered by the US may be less).

Dependents

26. The location of dependents of soldiers serving in Europe is a most aggravating problem to both the US and UK forces. It is of particular concern to the US forces in the light of their policy of maintaining married personnel abroad for a year and single for two years. The despatch of a Canadian brigade to Europe without making provision for dependents accompanying the troops will create a precedent. Apart from National Service men, UK personnel posted to Germany are sent there for long service, many have been serving there for 6 to 7 years. The inclusion of dependents is more justified under such conditions than it is in the US zone, where personnel are posted for short service only. The dependents problem is less likely to cause us difficulties if our troops are serving in the British zone rather than in the American zone where troops are serving under similar conditions but are permitted to have dependents with them.

THE TIME FACTOR

27. Whether it is decided to group the Canadian brigade with the UK or US forces, 4 to 6 months notice is required to the military authorities concerned with making arrangements. An early decision is therefore required as to the date on which the 27 Canadian Infantry Brigade is to proceed to Europe and the command with which it is to be grouped on its arrival there.

28. When the decision was made to raise the 27 Canadian Infantry Brigade and the second line companies to provide rotational personnel, it was made clear that if these troops wintered in Canada they would fill all available winter accommodation. Should the truce in Korea materialize and a decision be taken to repatriate part or whole of the 25 Canadian Infantry Brigade the public demand that those troops released should be returned to Canada before Christmas is likely to become irresistible. Though it might be desirable to release from the service the personnel of the 25 Canadian Infantry Brigade who are still on a short service engagement there is a high proportion which still wishes to continue serving, and accommodation may become an acute problem this winter unless the 27 Canadian Infantry Brigade is despatched overseas. There is a moral commitment to make this brigade available to the Integrated Forces of General Eisenhower during 1951.

Importance of the Present Decision

29. It is critically important that the decision taken concerning the grouping of 27 Canadian Infantry Brigade be a decision which will continue to be valid in the event of war when our forces in Europe can be expected to increase greatly. Once the command and administrative machinery has become settled and is working smoothly for 27 Canadian Infantry Brigade it will be relatively easy to build on that foundation to care for a larger number of troops. It would prove difficult and probably impossible in a sudden emergency to transpose our forces with their lengthy communications to another command and another supply system. Furthermore, the larger the Canadian force involved, the more administratively self-contained will it become. For this reason, it would be wise to make the present decision in the light of long term possibilities as influenced by major national factors and not to permit any immediate local administrative factors to weigh unduly in the balance.

30. It appears that when the decision was made to convert the Canadian Army to US type equipment, it was accepted that on that account alone any Canadian forces allocated to the Integrated Forces in Europe should be based upon the US lines of communication and be placed under US command. To this end, informal approaches were made to General Collins, Chief of Staff US Army to ascertain whether the US Army would house and maintain a Canadian brigade group in the US zone of Germany. General Collins agreed that this could be done if Canada wished it. From recent conversations, this agreement was only tentative and is not irrevocable should it now be decided to change the Canadian grouping. However, in the light of the trouble taken by the US Army to study our needs, it is entitled to some explanation should a decision now be made to group with the British, Dutch and Belgians. It is considered that there is an adequate explanation in the *morale* aspect underlying the decision to despatch Canadian forces to Europe at this time. Taking all factors into consideration, we can make a more useful contribution to enhancing the morale of European allies by grouping with the British, Dutch and Belgians, than by association with the US and French forces, the former of which needs no stimulant, and the latter of which would be most unlikely to accept it.

RECOMMENDATION

30. Taking all factors into consideration it is recommended that the 27 Canadian Infantry Brigade Group be despatched to Europe in October 1951, that it be grouped under British command in Germany where it will be serving in cooperation with British, Dutch and Belgian troops, and that the UK and US governments be informed of this decision forthwith.

G.G. SIMONDS

394. DEA/50030-X-40

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

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

TOP SECRET [Ottawa], July 31, 1951

GROUPING OF CANADIAN FORCES IN EUROPE

Attached is a memorandum prepared by General Simonds. It is a powerfully written document and deserves careful reading in full.

2. In very brief, the argument is that it is desirable to maintain a balance of power within NATO; that the best way to do this is to strengthen the forces which would be associated with the United Kingdom, Belgium and the Netherlands; that the Canadian association with these forces would tend to preserve this balance of power; that Canadian identity would be better preserved in this way than if Canadian forces were associated with those of the United States, which would so greatly overshadow the Canadian forces in numbers; that we would have more confidence that Canadian forces would be used more economically under British than under American command; that, from the standpoint of supply, it would be feasible to associate Canadian forces with the British, even if Canadian forces were using mainly United States type equipment — in any event, Belgian and Netherlands forces are likely to be in much the same position.

3. General Simonds' paper raises important questions bearing upon Canada's relations with the United States, the Commonwealth and our NATO allies. In this note, only these international political aspects of the paper will be considered as the military and other factors do not directly concern this Department. The general political arguments put in paragraphs 3 to 6 of General Simonds' paper are very much in line with the development of our own thinking at the official level. General Simonds puts very succinctly the argument for a balance of power within the North Atlantic Alliance. Our experience in the last year or two has shown the value of such groupings which can from time to time influence the course of United States policy in a way which no one country could hope to do alone in view of the overwhelming power of the United States. This has been true of groupings within the United Nations and within NATO. It is also an argument for the continued usefulness from a practical political point of view of the Commonwealth. It is not, of course, suggested that such groupings should be designed to obstruct United States policies and purposes. Their value, however, is increasingly apparent in acting as a curb upon precipitate decision and in giving the United States Government an opportunity to hear and consider the points of view of its more important allies. In the long term, there is little doubt that there cannot be a healthy organization of the Western World without these balances to United States power. Without them the United States would be dealing individually with "clients" dependent upon United States aid, militarily and economically. This would be unhealthy both for the United States and the rest of the Western Allies.

4. It may be considered at first sight that these general considerations are fairly far removed from the concrete question of the grouping of Canada's forces in Europe. The disposition of our forces in Europe cannot, however, be considered simply as a practical operation. Whether we wish it or not, both in the United Kingdom and in other Commonwealth countries, there will be some tendency to see in our grouping with United States forces the severing of a Commonwealth link. Yet it would be a pity if the realistic political argument were to become interwoven with sentimental considerations and to raise old controversies and prejudices in the form of a discussion as to whether we preferred the "British or American connection". (Incidentally, it is only too probable that if Mr. Shinwell and some of his senior service advisers enter the discussion, they will contrive to give it this twist and thus to obscure the real issue.) For while there is a case at this time for avoiding any action which may seem to weaken the Commonwealth vis-à-vis the United States, this case does not rest on sentimental grounds nor is it restricted to the Commonwealth.

5. The argument in favour of the Canadian forces overseas being grouped with the forces of the United Kingdom, Belgium and the Netherlands rather than with those of the United States and France has a bearing on our relations with the Continental European countries concerned. The most important case is that of France. The French are the most sensitive of all the nations of the European Continent to the possibility of United States domination. For all their recognition of the importance of the United States to their own survival, there is no doubt that their relations with us are more cordial and that they have treated us with greater confidence in the past than either the United Kingdom or the United States. We have a special position in France as is demonstrated by the reception given to the Prime Minister when he visited Paris and by the increased importance which the Quai d'Orsay attributes to Franco-Canadian relations. The Canadian army had indeed a unique place in the regard of the French people. The French have since the war come to understand the international position of Canada. The grouping of Canadian forces with United Kingdom forces would cause no misunderstanding on this ground in France. On the other hand, the grouping of Canadian troops with United States troops would not be so readily understood. In fact, it is to be feared that our contribution would be quite submerged in the eyes of the French and of our other European friends in the vaster mass of the United States forces. Unfortunately also the United States forces in Europe are very far from popular in France. Most recent reports agree that this trend in French public opinion is on the increase.

6. The political argument against Canadian troops being grouped with United States troops is also strong so far as Germany is concerned. United States policy towards Germany may in the course of the next four or five years give rise to considerable differences of opinion within the Allies. The tempo of rearmament of Germany, the decision as to the restoration to Germany of her full sovereign rights, the possible admission of Germany to NATO, these are all questions to which the Germans are acutely sensitive and to which the French and other European allies are equally sensitive. We shall have to steer a difficult course on these subjects. It is particularly desirable that we should not appear to the Germans in any role which suggests that we are "United States satellites". They are more easily impressed by

military dispositions and more ignorant of Canadian policy and position than our European allies. From the German point of view, if our forces grouped with those of the United States, they might appear as a mere minor adjunct of the United States power.

7. A positive advantage of our grouping with the Netherlands and Belgian forces would be that it follows our natural tendency to align ourselves with these middle powers who are so often associated with us politically and over whom we have considerable influence. There is little doubt that the Canadian forces overseas would have their maximum political and psychological usefulness in an association with the forces of the Netherlands and Belgium. General Simonds' recommendation that the morale effect of our grouping with these two countries should be put forward to the United States as the grounds for our decision seems an excellent one and should appeal to the United States who are concerned about the morale of these countries.

8. There is no doubt that the decision as to the grouping of our forces will have a considerable political and psychological effect on our relations with the European peoples and governments. It is particularly important that Canada whose separate national identity has only really penetrated the European mind in the years since 1939 should reappear on the European military scene in a way which does not give us the appearance of being a mere unit of United States power — and a small one at that. It may also be important from the point of view of public opinion in this country that the many forms of United States military activity on Canadian soil for the defence of this continent should be balanced by a decision to avoid the grouping of our forces in Europe with those of the United States.

A.D.P. H[EENEY]

395.

PCO/Vol. 202

Note du président du Comité des chefs d'état-major

Memorandum by Chairman, Chiefs of Staff Committee

TOP SECRET

[Ottawa], August 14, 1951

CGS PAPER 16 JUL 51

Para 2

1. I entirely agree that it is most impractical to maintain a separate L of C.[23] Even when the Canadian Army was at its peak of five divisions, it was maintained on the British L of C.

Para 3

2. I am not in agreement with the concept of balance of power within NATO: surely the Canadian position within NATO must be judged on the merits of each case and not on any idea of acting either for or against the US. The main reason for

[23] Line of Communication.

US domination in NATO is because she is the one country who can afford at this time to assist the others by reason of her internal strength and prosperity. It should therefore behoove the one country who does not need US help (Canada) to always strive in any way she can to merge and reconcile the differences of points of view that may arise from time to time within NATO. This can best be achieved by not aligning ourselves with any particular group of nations but considering and deciding our course of action on each problem as it arises on its own merits. If there is a divergence of opinion between two major factions, we should do our best to bring together the two points of view. I cannot subscribe to the adoption of any other policy in our NATO discussions.

Influence of Other NATO Countries

3. It has been my experience that the best way to assist the other NATO countries, especially the smaller nations, is by maintaining our entirely independent position and not aligning ourselves with either of the higher powers.

Significance of Canadian Contribution

4. Surely what is to be aimed at in NATO is an integrated force under a unified command and not a group of national forces clinging onto the US or UK Army Group. The real criterion is where can we make the greatest contribution with the smallest expenditure of men and material.

Command — Staff Training and Tactics

5. While it is true that in the past we have used UK command system, training methods and tactics, we have long since realized that sooner or later we must be capable of fighting with US forces, if Canada should be attacked. We have constantly urged the adoption of a unified system of command and training. This will likely be produced by SHAPE. There is a great deal to be said for Canadians learning more about US methods and perhaps urging the Americans to adopt certain UK methods which we consider better than their methods.

The Problem of Maintenance

6. This is the most important factor in this discussion. As stated, the 27th Brigade will be equipped with US type equipment. I do not agree with the statement "except for motor transport". The 25th Brigade is equipped with US vehicles and, as far as I am aware, the 27th will have to be equipped with either vehicles purchased from the US, or US type vehicles assembled in Canada. There is no thought of ever equipping the Canadian troops with UK type vehicles.

7. I cannot visualize a Canadian Brigade with US equipment and vehicles being maintained on a per diem rate by a British L of C. Even in the last war when we were completely on UK types (except for clothing), it was necessary to maintain a fairly large group of Canadian Ordnance in the UK depots to ensure the Canadian troops were maintained.

8. The original concept, which was presented to the Cabinet Defence Committee, was for a Canadian Brigade Group or Regimental Combat Team to be stationed in Germany under US command. The US was to maintain the Group as an American formation, providing all facilities required in a similar manner to that provided at

Fort Lewis. This included American Rations, use of P.X., training ammunition, and complete maintenance on a per diem rate. The concept was that no Canadian Maintenance Group would be required but Canadian uniforms, etc., would be put in the US pipeline.

9. The US would be asked to make transport arrangements at both ends similar to that made for Korea. Our experience with such an arrangement has been quite successful. Our troops prefer American rations to British rations which are now unacceptable to Canadians. The Canadians never liked the NAFFI in war and much prefer the P.X. and U.S. entertainment arrangements.

Conclusion

10. If the factors raised by the CGS are considered to outweigh the disadvantages of trying to maintain a Canadian Brigade on US equipment in the British Zone, I would recommend consideration be given to reversing the decision to adopt US equipment and revert to UK types. I can see nothing but confusion and a extravagant waste of manpower in attempting to maintain a force on US equipment on a British L of C.

11. As this matter was originally discussed at CDC I would suggest that the matter should finally go to CDC for discussion.[24]

396.

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], August 30, 1951

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I. CANADIAN ARMY AND AIR FORCE CONTRIBUTIONS TO THE INTEGRATED FORCE; GROUPING UNDER SACEUR; DESPATCH OF 27TH BRIGADE

1. *The Minister of National Defence* said that it was necessary to decide whether the 27th Canadian Infantry Brigade should be sent to Europe and, if so, when. It had been raised to meet the Canadian commitment, under the Medium Term Defence Plan, respecting land forces for the Integrated Force. On January 30th, 1951, the Speech from the Throne had indicated that the assent of Parliament would be sought at an early date for Canadian participation in the Integrated Force.[25] Action to that end had been delayed owing to the changed complexion of the war in Korea resulting from Chinese intervention.

There were already 4 U.S. divisions in Europe, and 2 more would follow very shortly. This force would represent 18 times the strength of the 27th Brigade. Alto-

[24] Aucune mention de cette discussion initiale ne figure au procès-verbal du Comité du Cabinet sur la défense pour 1951.
There is no record of this original discussion in the minutes of the Cabinet Defence Committee for 1951.

[25] Voir Canada, Chambre des communes, *Débats*, 1951, volume I, pp. 1-2.
See Canada, House of Commons, *Debates*, 1951, Volume I, pp. 1-2.

gether there would be some 250,000 U.S. Army and 60 - 70,000 U.S. Air Force personnel in Europe. There were 2 1/2 U.K. divisions in the Integrated Force and a further 1 1/2 would be added before the end of 1951.

The Canadian manpower situation was good — much better than had been anticipated. The 25th Brigade in Korea had not suffered anything like the casualties expected. There were 6,000 men in action in the Far East, with some 1,500 reinforcements in the theatre and 3,000 in Canada which alone would probably be enough replacements for Korea for a year. There were enough men for rotation to Korea as it was planned to rotate units of the Mobile Striking Force, gradually giving the whole permanent force experience abroad. As the strength of the 27th Brigade now stood at about 10,500, of which about 6,000 could be despatched to Europe and 4,000 would be ready for rotation a year later, there were enough troops to meet the Canadian contribution to the Integrated Force, in present conditions, for about 2 years. With 6,000 men in action in Korea and another 6,000 men in Europe, there were today another 13,000 officers and men in units or schools available for reinforcement and rotation. Further, recruiting was satisfactory except as regards specialists.

If the Korean war ended shortly, those of the 25th Brigade who had enlisted to serve 18 months and had not re-engaged would be released. Probably more than 50% would want to stay on. This winter there would be accommodation in Canada for only 36,000, and this only on the basis of double bunking and dispersal in small groups. There would thus be obvious difficulties in having both the 25th and 27th Brigades winter here.

It was considered desirable to allocate the 27th Brigade to the Integrated Force and to despatch it in November in view of the foregoing considerations, for reasons of morale, to permit continuation of training in proper climatic conditions and as NATO now expected the force to be sent as soon as possible.

An early decision was required on the grouping of the brigade, for purposes of command, with the U.K. or U.S. components of the Integrated Force and on whether it should be based on U.K. or U.S. lines of communication.

He outlined the contents of a paper prepared on these questions.

The Paris Plan, discussed at the meeting of June 29th, 1951, had called for the R.C.A.F. contribution to the Integrated Force to be grouped with the U.S.A.F. and to use the U.S.A.F. supply organization to the maximum.[26] Negotiations had since been completed for the development of this arrangement.

Certain political factors, notably the desirability of maintaining the identity of the Canadian land forces in Europe, made it appear desirable to group these forces with the U.K. rather than the U.S. forces under SACEUR.

From the military point of view there were three alternatives for the grouping and maintenance of the Canadian Army in Europe: grouping under U.K. command with the United Kingdom responsible for maintaining the Canadian force on U.S.-type equipment; grouping under U.S. command with the United States responsible

[26] Voir le document 384./See Document 384.

for maintaining the forces on such equipment; and grouping under either U.K. or U.S. command with Canada responsible for maintaining the force.

The advantages of grouping under U.K. command were that the Canadian Army had confidence in U.K. commanders; it had used similar tactics and staff and command procedures during the war; its organization was similar to that of the United Kingdom and was more efficient and economical than that of the United States; the United Kingdom recognized the importance of respecting the national identity of Canadian forces; and, in the U.K. zone of Germany, the Canadian force would probably be just north of the Ruhr, available to man a position on the west bank of the Rhine, would have better training facilities than in the U.S. zone and would be adjacent to the Belgian and Netherlands forces.

A disadvantage of such grouping was that, while the U.S.-type equipment needed by Canadian forces could be drawn from U.S. depots in the theatre and made available through the U.K. supply system, special arrangements would have to be made for heavy repairs of such equipment. The War Office had, however, been asked if it could maintain the 27th Brigade in the U.K. zone.

The advantages of grouping under U.S. command were that the supply and maintenance of U.S.-type equipment would be easier and more economical; Canadian troops assigned to North American defence would in any case have to train and co-operate with U.S. troops; grouping with U.S. forces in Europe would reduce the problem of reconciling, in North American operations, differences in certain equipment and methods; and the U.S. forces would provide rations and amenities of types to which Canadians were more accustomed.

A disadvantage was that, if the 27th Brigade were in the U.S. zone, it would probably be in one of two positions adjacent to the Russian zone.

The alternative of a purely Canadian supply line to maintain relatively small forces would be costly and might not be reliable in all circumstances.

Apart from the above considerations, if, in a war within 18 months, Canada carried out the present plan to provide 2 divisions within the first 12 months of hostilities, these might have to be despatched with U.K.-type equipment, and simplicity of maintenance would then be achieved by grouping with the U.K. forces for which plans had been prepared with the War Office. If there were no war within 18 months, any forces mobilized subsequently would have U.S.-type equipment, and ease of maintenance would then suggest grouping the Canadian forces under U.S. command. Grouping with U.K. forces would, however, not pose insuperable difficulties as there would be many items of U.S.-type equipment in general use in the European theatre and these could be supplied to the Canadian Army under the theatre arrangements for distribution of such equipment.

An explanatory memorandum had been circulated.

(Minister's memorandum, August 27th, 1951, "Canadian Army contribution to Integrated Force; grouping under SACEUR; despatch of 27th Canadian Infantry Brigade" — Cabinet Document D-295)†

2. *Mr. Claxton*, referring to a statement in the document that, if Canadian forces were grouped with U.S. forces, Europeans would identify them with such forces, said that this might be equally true of grouping with U.K. forces.

3. *The Prime Minister*, stating that there were recent indications that even some leading European statesmen still regarded Canada as a dependency of the United Kingdom, suggested that it was important not to miss any opportunity of making it clear to Europeans that there had been important modifications in Canada's position as a nation.

4. *Mr. Claxton* said that he had found that European military leaders had a clear understanding that Canada was an independent nation.

It was now a question whether the choice on the question of grouping outlined in his department's paper was in fact still open to the government. The question of accommodation in Germany had been explored with both the United States and the United Kingdom. Some time ago, the former had expressed a willingness to receive the 27th Brigade in Germany in November. Major-General Smith had, however, just reported from London that the War Office had indicated that it could not accommodate the brigade in Germany for another 6 to 8 months, but that it would be happy to accommodate it temporarily in the United Kingdom at any time. On the question of maintenance, it had replied that it was prepared to maintain the brigade, both in the United Kingdom and subsequently in Germany, and anticipated no insurmountable difficulties in this connection. Thus, if the brigade were to be sent to Germany in November, the only choice open might well be to group it with the U.S. forces. Whatever decision was taken as to grouping should be considered as subject to review from time to time. During the war forces of all nations had been frequently re-grouped.

5. *The Chief of the General Staff* said that General Handy had informed him in Germany in June that the U.S. Army there would require 4 to 6 months' notice to make accommodation available for the brigade.

6. *The Chairman, Chiefs of Staff Committee* said that, on August 25th, General Marshall had intimated that General Collins might be able to arrange for the U.S. Army to accommodate the brigade in November.

7. *Mr. St-Laurent* thought that it would not be satisfactory to station the brigade for a period in the United Kingdom in peacetime and, on the question of grouping in Germany, that, if the men of the brigade did not have rations and amenities equal to those of the U.S. forces, they would be likely to spread dissatisfaction when rotated to Canada. In war, Canadian troops would prefer being with the U.K. forces but, under present conditions in Europe, they would be more concerned with physical comforts. If the Canadian troops were stationed for the present with the U.S. forces, there would presumably be re-groupings in the interests of efficiency in the event of war.

8. *General Simonds* said that if the Russians attacked there would be no opportunity for re-grouping until a stable front was established. In June, the U.S. authorities in Germany had offered accommodation for the brigade in the Kassel area. This, while in direct contact with the Russian zone, would be satisfactory if still

available, having the advantage of being between the U.S. and U.K. forces. The brigade would deteriorate if it wintered in Canada.

9. *Mr. St-Laurent* said that, as the troops should not remain in Canada, it appeared unlikely that there would be accommodation in the British zone before spring and there was uncertainty as to whether there would be accommodation in November in the Kassel area, which was considered satisfactory, the prospects of reasonably satisfactory facilities in either zone should be further explored as soon as possible.

10. *General Foulkes* said that General Eisenhower was pressing for an indication as to when the brigade would arrive and that there might, for reasons of accommodation, be pressure to station the brigade in Norway if a decision were delayed. He hoped, therefore, that it would be possible for the Committee to agree to inform the Supreme Commander that the government desired to despatch the brigade in November.

11. *The Secretary of State for External Affairs* doubted, in the light of existing information regarding accommodation, the advisability of agreeing that the brigade be sent to either the U.K. or U.S. zone in November if accommodation could be found in either. It might be satisfactory to send the brigade to the U.S. zone until spring. However, the alternative of stationing the force in Northern Europe temporarily perhaps deserved some consideration. It was already arranged that the R.C.A.F. contribution be grouped with the U.S.A.F. There would be advantages in not grouping the whole Canadian contribution to the Integrated Force with the U.S. forces.

12. *Mr. Claxton* thought that, if the brigade spent the winter in the U.S. zone, it would probably be possible to move it to the U.K. zone later.

13. *General Simonds* said that, an accommodation in Western Europe was heavily committed, he doubted that such re-grouping could be carried out in 1952.

14. *The Committee*, after further discussion, noted the recommendations of the Minister of National Defence regarding the despatch of the 27th Canadian Infantry Brigade Group to the Integrated Force and the grouping of the Canadian Army in Europe with, and its maintenance by, the U.K. or U.S. forces in Germany, and:

(a) agreed that:

(i) the 27th Brigade be despatched to Germany in November, 1951, assuming that satisfactory facilities were obtained for it by that time with either the U.S. or U.K. forces;

(ii) General Eisenhower be informed accordingly in confidence;

(iii) whether the brigade were grouped with the U.S. or the U.K. forces during the winter, the question of grouping and maintenance of the Canadian Army contribution to the Integrated Force would be open to review whenever necessary;

(b) noted with approval the Minister's report that arrangements had been completed for the R.C.A.F. contribution to the Integrated Force to be grouped with the U.S.A.F. and to make maximum use of the U.S.A.F. supply organization.

397. PCO

Extrait des conclusion du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 5, 1951

. . .

NATO EUROPEAN INTEGRATED FORCE; DISPATCH OF 27TH BRIGADE

23. *The Minister of National Defence* said that Cabinet Defence Committee had discussed the question of dispatching the 27th Canadian Infantry Brigade to the NATO European Integrated Force. It appeared desirable for a number of reasons and had so been agreed by the committee that the brigade be dispatched to Europe in November.

There was some difficulty, however, in reaching a decision as to whether the brigade should be stationed with and maintained by U.K. or U.S. forces in Germany. There appeared to be advantages and disadvantages to both courses of action.

After considering all aspects of the problem, the Committee had agreed that:

(a) the 27th Brigade be dispatched to Germany in November, 1951, assuming that satisfactory facilities were obtained for it by that time with either the U.S. or U.K. forces;

(b) General Eisenhower be informed accordingly, in confidence; and,

(c) whether the brigade were grouped with U.S. or U.K. forces during the winter, the question of grouping and maintenance of the Canadian Army contribution to the Integrated Force would be open to review whenever necessary.

24. *Mr. Claxton* added that there were now approximately 13,000 men available as reinforcements for both the 25th Brigade in Korea and the 27th Brigade to be dispatched to the Integrated Force. Both the United Kingdom and the United States would have fulfilled their obligations in respect of the Integrated Force by this autumn. The 27th Brigade was at the present time about half trained and it would be preferable if such training could be completed in Europe rather than under Canadian winter conditions. For these and other reasons, it seemed clear that it would be advisable to dispatch the 27th Brigade as recommended.

Insofar as rotation was concerned, it was intended that single men should serve for two years and married men for one year before being returned to Canada. It was not intended to provide married quarters for Canadian troops in Europe, although it was understood that the United States were providing such quarters for all officers and for non-commissioned officers down to and including the rank of staff sergeant.

25. *The Minister of Finance* pointed out that, whether Canadian troops were stationed with U.S. or U.K. groups, a per capita payment would have to be made either to the United States or to the United Kingdom in respect of Canadian military personnel. Balance of payments considerations would make it preferable to station Canadian troops in the U.K. sector. However, this did not appear to be a

serious factor nor one which need weigh too heavily in the decision ultimately reached.

26. *The Prime Minister* was of opinion that the Canadian troops would prefer to serve under U.K. command in the event active hostilities broke out in Europe. However, it was to be hoped that such would not be the case for some time to come and, in the circumstances, it might be preferable to arrange for the stationing of Canadian personnel in one of the United States sectors in order that Canadian soldiers might have the benefit of U.S. rations and amenities, which were closer to Canadian standards than those normally provided by the United Kingdom. If, as was hoped, hostilities could be averted in Europe, it was important that the morale of Canadian troops be maintained at the highest level.

27. *Senator Robertson* thought that the married quarters privileges to be extended to U.S. troops might cause some difficulties if similar privileges were denied Canadian military personnel and the latter were stationed in U.S. sectors.

28. *Mr. Claxton* suggested that it would be advantageous if General Eisenhower could indicate his preference as to the stationing of Canadian troops on the basis of military efficiency and requirements.

29. *The Cabinet*, after considerable further discussion, agreed that:

(a) General Eisenhower be approached informally to ascertain whether he had any views as to the stationing of Canadian troops; and,

(b) final decision as to the grouping of the 27th Brigade within the European Integrated Force be taken by the Minister of National Defence in the light of the discussion.

. . .

398. B.C./Vol. 108

Le président de l'état-major du Canada au Royaume-Uni au président du Comité des chefs d'état-major

Chairman, Canadian Joint Staff in United Kingdom, to Chairman, Chiefs of Staff Committee

TELEGRAM CJS(L)M-1086 London, September 14, 1951

SECRET. IMMEDIATE.

Furtherance CJS(L)M-1075 and CSC 1605.[27]

1. Visited SACEUR today accompanied by Moncel. He and Gen Gruenther were present during discussion.

2. SACEUR opened conversation by confirming that the move of 27 CIB did not in any way conflict with presently planned build-ups. He then went on to state that he recommended that 27 CIB should be placed in the UK Zone for the following reasons:

[27] Non retrouvé./Not located.

(a) The present disposition of allied forces leaves a weakness in the centre, ie, the Frankfurt-Kassel gap. Presently planned build-ups will eventually alleviate this position. In the meantime any available additional forces which could be placed north or south of this area would greatly strengthen those flanks. The ultimate accommodation which will be made available for 27 CIB is well situated on the north flank of this gap in the area Iserlohn-Soest. The accommodation which could be provided for 27 CIB in the US Zone is too far to the south to be of tactical advantage re the central weakness.

(b) There is a preponderance of armour over infantry in the UK Zone where additional infantry is required to provide a better balance.

(c) Both the temporary UK accommodation in the Hanover area as well as the suggested permanent accommodation indicated above are ideally situated for field training, being adjacent to the Paderborn training area. The accommodation available in the US Zone was not satisfactory from the point of view of training areas.

(d) The locating of 27 CIB in the UK Zone would have a very great morale effect on both Dutch and Belgian Forces.

(e) The psychological importance of the continued association of UK and Canadian Forces.

(f) The very strong desire on the part of the UK to have the 27 CIB located in the UK Zone.

3. SACEUR pointed out that his recommendation that 27 CIB should go to the UK Zone could be used officially and publicly as might be desired by you or the Canadian Government.

4. Dependent on Canadian acceptance of SACEUR's recommendation he suggested that Ottawa should advise the Standing Group of the final Canadian decision. On receipt of this decision at SHAPE SACEUR would officially advise CINCLANDCENT, BAOR and EUCOM. In the meantime the following message is being sent to these Commands:

Quote. After due consideration of the factors involved, pending formal Canadian governmental agreement, it is the decision of SACEUR that the Canadian Brigade be deployed to the Northern Army Sector. The military representative of the Canadian Government has been so informed this date. Following Canadian governmental decision, direct communication is authorized between representatives of the Canadian Government, CINCLANDCENT, BAOR and EUCOM, for the purpose of finalizing detailed arrangements. It is requested that this Headquarters be kept informed as to the progress of such arrangements. Unquote.

An additional paragraph is being added to this message requesting commands to maintain security of this information until the Canadian Government decision is announced.

5. He also suggested that if the Canadian Government accepted his recommendation you should feel free to communicate at once with Field Marshal Slim in the event that you might wish to express your appreciation of his offer.

6. SACEUR felt that there was no requirement in so far as SHAPE was concerned for a formal approach on the problem of locating 27 CIB as you suggested in your telephone conversation.

7. He stated that he would take very personal interest in the arrival of 27 CIB and the provision of accommodation and suggested that you might wish to make an early visit to inspect the area and accommodation which he had recommended.

8. With reference to the proposal to align the RCAF contribution with that of the USAF as outlined in the Paris Plan, SACEUR gave his whole-hearted concurrence in these arrangements.

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DEA/11381-40

L'ambassadeur en République fédérale d'Allemagne au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL

Bonn, September 24, 1951

Dear Arnold [Heeney],

If you look at the file on German [Canadian?] troops arriving in Germany I do not think you will fail to notice that the Bonn Embassy is not entirely happy about its position in this matter. The first we heard of the fact that they were coming to the British Zone was a statement from the War Office which appeared in the *London Times* of September 18. Before that I had been given to understand that they would be going to the U.S. Zone. This, of course, is a change of no great consequence to us in Germany. What is of more importance, however, is that the German authorities should first hear of this officially through the U.K. High Commissioner and that I should not have received any instructions either to associate myself with the U.K. High Commissioner or to make a separate approach to the German authorities.

Legally, there is no doubt that the Germans need only be informed of this by the Occupying Powers, and that it is of no concern to them whether the troops are Canadian or Afghanistan, but at the present stage of relations with Germany I do not have to say how shortsighted it would be to stand upon this rapidly disappearing legal position.

We have only recently established diplomatic relations with the German Government, and unless the Germans are to assume that London is still conducting our foreign affairs while allowing us to play at diplomacy, they would, I think, expect to hear something from me on this subject.

It is true, of course, that no official action is possible by Ottawa until such time as the House of Commons decides that the Brigade shall go to Europe and that any action which has been taken has been taken upon the Minister's statement to the press of September 18.

It would seem at this distance that some leak somewhere forced the Minister to make that statement and that someone in London, either by specific instruction from somewhere, or relying on the Minister's statement, has instructed Sir Ivone Kirkpatrick to convey the information to the Chancellor.

I would think, therefore, that when the time comes for an official communication it may move straight from Ottawa to the German Government, either through us here or through the German Embassy in Ottawa.[28]

I think that it is highly important that the fact that Canada is a completely independent nation and that these troops are her contribution at the moment to NATO should be intimated by Canada and not by the United Kingdom.

We have never been consulted at all about this whole thing and being a military and political matter, no doubt we should not have been. However, once the decisions were reached I think that it might have been well if we had been immediately notified. To be completely in the dark in this matter of such importance could be very embarrassing and in fact was when the British asked us about it. It was a bit more embarrassing in relation to them when they got the answers before we did.

I think that it would be well if we were informed as soon as possible all about how this unit is to function.[29] Is it to become part of the British Army or what? Is it to be paid for by Canada or on Occupation costs?

Please have the matter looked into and drop me a note.[30]

Thanks ever so much,

Yours sincerely,

T.C. DAVIS

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[28] Note marginale :/Marginal note:
I agree [A.D.P. Heeney]

[29] Note marginale :/Marginal note:
Yes [A.D.P. Heeney]

[30] Note marginale :/Marginal note:
Mr. MacKay Pl[ease] consult Watkins & have reply prepared this was pretty bad A.D.P.H[eeney].

400. DEA/11381-40

L'ambassadeur en République fédérale d'Allemagne au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany to Under-Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Bonn, October 2, 1951

Dear Arnold [Heeney],

RE MOVEMENT OF 27TH CANADIAN INFANTRY BRIGADE TO GERMANY

On the 24th of September I wrote you a personal note on the above topic and since then I have received official instructions to notify the Government of Germany directly in the matter.

I attach herewith copy of my despatch No. 758 of October 2† which will bring you up to date on developments.

Let me say that there are very few Englishmen over here whom I have had the privilege of meeting who seem to have any knowledge whatsoever of the constitutional changes which have taken place in Commonwealth relations in recent years. To the most of them Canada is still a colony. I think that perhaps this conception may be a bit stronger in the army than elsewhere. We try to disabuse their minds of these misconceptions when we have the opportunity to do so.

This way of thinking may have some repercussions in the future as a result of the movement of the Canadian Brigade to Germany because of the tendencies of British Army personnel, unless a very close relationship is established between this Mission and the Canadian Brigade.

In this transaction it strikes me that someone in the Defence Department must have decided that this matter was one for attention by his Department alone and that there was a failure to realize that the channel of communication between governments is through our Department.[31] As things have developed it would seem quite clear that the whole thing down to the present has been handled purely on an army basis when, besides being a military matter, it has tremendously important political aspects.

I think that it would be well if it were made clear at the outset to those who will command these forces that in matters not of a strictly military nature any negotiations with the Government of Germany must be done after consultation with our Department and with its help. There may well develop a tendency to feel that by reason of the placement of our forces with the British forces, the Brigade is to be considered completely as part thereof and function accordingly. I can well appreciate that it will be a bit difficult to make this distinction clear, but I think that when it is thoroughly understood that this is a Canadian force created and provided for by

[31] Note marginale :/Marginal note:
no [A.D.P. Heeney]

Canada, it will follow that its dealings except in the field of immediate military matters must be handled through Canadian channels.

In fact, whether we wish it or not, I can foresee that we at this Mission will be involved up to our ears in every kind of matter arising from the presence of the force and that therefore our Department should have much to say about its arrangements so that we may also be informed and act according to a policy formulated jointly at your end.

I think that to mark the occasion and this relationship, it would be wise if I should be on hand to officially welcome the force when it comes to Germany.[32] I happen to know Brigadier Walsh personally, and I know we can make satisfactory arrangements on the spot. I think, however, that it would be well if it were put up to him that very soon after the establishment of the Brigade in Germany he and I should get together and establish the contact from which will spring all later relationship.

The RCAF is meticulously careful, through their Department, to keep us advised of the posting to Germany of any of their senior personnel and recently we were advised of the fact that certain senior members of that force would be coming to Germany and I believe that they witnessed the recent British army manoeuvres.

I am afraid that the Army has not been as careful in this matter. I have reported earlier cases to you; the latest in point in my learning after the British army manoeuvres were completed that General Kitchin (I may have his name spelled incorrectly), head of R.M.C., had been in attendance at these manoeuvres. I had been invited to go but could not arrange it. It is an opportunity that I will not miss next year when our force is here and is no doubt included in the manoeuvres. I would have liked to have met General Kitchin, and I am sure that the meeting would have been mutually profitable. Not only did I miss this opportunity, but as on previous occasions, it could have been embarrassing if this Mission, which did not know of his presence, had heard of it through the press or through an inquiry from some German official quarter.

Regardless of what we may think or wish, inevitably this Embassy is going to be called upon to deal with innumerable problems consequent upon the coming of this force to Germany. I therefore think that the framing of policy except in strictly military matters should be done in very close contact between the two Departments in Ottawa and implementation attended to in similarly close contact at this end. Our Department and this Mission will have a great deal to do as a result of the presence of the Canadian force in Germany. It is through our Department and through it alone that the official voice of Canada speaks to the German Government. Only in that way can we speak with a single voice, and I would foresee and fear great trouble if the Department of Defence followed its tendency to "go it alone". It can-

[32] Note marginale :/Marginal note:
Yes [A.D.P. Heeney]

not, and it would be our Department and this Mission which would have to attempt to mend the fences.

Yours sincerely,
T.C. DAVIS

401. DEA/11381-40

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, October 10, 1951

Dear Mr. Drury,

The purpose of this letter is to record my understanding of the discussion with you and General Simonds on October 4 regarding the movement of the 27th Brigade to Germany.

Command Instructions and Possible "Political" Directive

2. The CGS is drafting Command Instructions for Brigadier Walsh which will deal with purely military matters. General Simonds is not in favour of dealing with political matters in that document. However, he is willing to consider recommending to your Minister a second document in the nature of a letter of guidance, which might cover the following subjects of special concern to this Department:

(a) Relations between the Commanding Officer and the Canadian Embassy;

(b) Political aspects of the incorporation of the Brigade in a larger United Kingdom formation;

(c) The attitude of Canada towards Germany.

3. We will prepare a first draft of such a letter and send it as soon as possible to you and the Acting CGS. I understand that the Acting CGS will shortly be sending me for information the draft Command Instructions.

Assignment of Brigade to General Eisenhower

4. I understand that consideration will be given to the question of whether there should be a formal document placing the Brigade at the disposal of General Eisenhower. I hope that we may be kept informed of developments in this regard.

Legal Status of the Members of the Brigade in Germany

5. The Judge Advocate General, in consultation with our Legal Division, will prepare an explanation of the legal position. It seems likely that we cannot avoid the legal status of "occupation forces" until such time as the Occupation Statute is repealed and replaced by a new contractual relationship between Germany and the three Occupying Powers.

6. The NATO Forces Agreement is inapplicable because the German Government is not a party to it and, of course, is not at present a consenting party to the stationing of the Brigade in Germany.

Financial Arrangements

7. I gathered that, at present, the German Government bears, as "occupation costs", a major part of the cost of maintaining the United Kingdom forces. The CGS naturally wishes to make a simple arrangement with the United Kingdom authorities whereby Canada will reimburse the United Kingdom on a fixed per capita basis for the cost of maintaining the Canadian Brigade in Germany.

8. This gives rise to a major political question which, in my view, should be considered by Ministers. There are, it seems, roughly three possibilities as long as the present occupation system continues.

(a) Canada reimburses the United Kingdom on a fixed per capita basis for costs borne by the U.K., i.e. the German Government will bear a large part of the cost of maintaining the Brigade. This puts us financially in the position of a satellite "occupying power".

(b) Canada pays to the U.K. on a fixed per capita basis the total cost of maintaining the Brigade (actual U.K. disbursements *plus* Germany's share). This enables Canada to say that she is paying her way in full, but will make no impression on the Germans if the U.K. pockets all the money.

(c) Canada pays the U.K. on a fixed per capita basis for costs borne by the U.K., and in addition voluntarily reimburses to the German Government the estimated value of goods and services which have been provided by the German Government. This might be politically satisfying to Canada but might also be very unsatisfactory to the U.K. (and the other two Occupying Powers) who are now engaged in complicated negotiations with the Germans on all aspects of their relationship. A generous gesture by Canada would no doubt be used by the Germans as a weapon in those negotiations.

9. I am not offering an opinion at present, but I would be grateful to receive from you, for the information of my Minister, an explanation of the present "occupation costs" system. What kinds of things does the German Government provide for the United Kingdom forces and in what manner? Roughly what proportion of BAOR maintenance costs is borne by Germany? In very round figures, what could be the financial implications for Canada of following course (c) above instead of course (a)?

National Military Representative to SHAPE

10. The Representative at present is Major General Smith, Chairman of the CJS, London. He personally visits SHAPE whenever necessary and has a full-time Assistant Representative in Paris who is, I believe, a Wing Commander. As I understand it, the official channel of communication between the Canadian Government and SHAPE is through the National Military Representative.

11. General Simonds did not think that there is any need, at least at present, to consider stationing a higher-ranking officer in Paris for this representational task.

Leave Centres Outside Germany

12. I gather that the Canadian Army will not create such leave centres but will use United Kingdom (and U.S.?) facilities. The CGS indicated that it would probably be necessary to put provost detachments in some of the European capitals.

13. Although it is not an immediate problem, I should be glad to have a little more information about the probable leave system in so far as it may affect, and be of interest to, the Canadian Embassies in Europe.

I am sending a copy of this letter to the Acting CGS.

Sincerely yours,
A.D.P. HEENEY

402. B.C./Vol. 163

Le ministre de la Défense nationale au président de l'état-major du Canada au Royaume-Uni

Minister of National Defence to Chairman, Canadian Joint Staff in United Kingdom

TELEGRAM MND-15 Ottawa, October 11, 1951

SECRET. IMMEDIATE.

Following for Lieutenant-General Guy Simonds from Honourable Brooke Claxton to be passed to him in time for meeting understand he is having with SHAPE in Paris Friday morning, Begins: As you know we are greatly concerned here about the status in Western Germany our Forces will have. If it is possible by any means we want to avoid necessity of their being regarded as Occupying Forces. Preliminary discussion here indicates possibility that Government might postpone whole movement until occupation had ended rather than accept that status.

2. Accordingly I would be glad if you would be extremely careful to avoid any action or discussion which would tend to indicate that we might be willing to accept role as part of Occupying Forces. Also in no circumstances should British Civil or Military Authorities negotiate in our behalf with Western Germany or SHAPE regarding matters such as this.

3. We are actively exploring various possibilities here and would be obliged for any information you might have bearing on this problem.

4. Rather than accept status of occupying powers our present disposition is to send the Force to Germany under arrangements made with Western German Government either directly by U.S. or by SHAPE regarding passport, customs, and other similar matters pending adoption of general agreement with Western Germany. This would mean that we would not expect Western Germany to meet costs of maintaining our Forces. We would anticipate that UK civil and military authorities would find serious administrative and possibly other difficulties through our arriving at some such arrangement but serious though these might be we would still

endeavour by every means to make such arrangement and perhaps even retain troops here until Western Germany had made a general arrangement.

5. Alternatively it might be possible to have Force moved to Europe without specific arrangement in detail on general understanding with Western German Government pending coming into force of general arrangement.

6. Understand you are meeting SHAPE Friday morning and hope this will reach you in time as no doubt this will be one of matters you will be discussing. At this stage talks should be exploratory and designed to secure strong support of SHAPE in meeting problem. You will recall offer to facilitate arrangements made in telegram of acceptance.

7. Would be obliged if you would discuss this with Mr. Abbott and General Foulkes. Perhaps one or both might participate in discussion as matter is of greatest urgency, importance and complexity.

8. This has not yet come before Cabinet or Prime Minister. It may be raised in preliminary way at Cabinet meeting Saturday morning but pending fuller information including report by you no final decision will be taken as to action we propose to follow.

9. You will be interested to learn that parade of 27th on Plains of Abraham was splendid and obviously impressed their Royal Highnesses most favourably.

10. State dinner went off very well last night and your wives looked splendid.

11. Please convey greetings to Eisenhower, Gruenther and others.

12. Best regards to all. Ends.

403. DEA/11381-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 115 Ottawa, October 12, 1951

SECRET. IMPORTANT.

STATIONING OF 27TH CANADIAN INFANTRY BRIGADE IN GERMANY

1. My immediately following telegram repeats a telegram from the Chief of the General Staff (in Paris) to the Minister of National Defence received here this afternoon.

2. While I have not yet had an opportunity to consider with the Prime Minister or other colleagues the full implications of the course proposed by Simonds, the general line described in paragraph 5 of his message commends itself to me. It will be in order for you to participate in the proposed meeting with Kirkpatrick, Simonds and the German authorities. No doubt Simonds has already been in direct touch with you about this. I assume that the meeting will have to be exploratory in char-

acter and that we shall have a full report for Cabinet consideration here before any public statement is made.

3. There are at least two particular questions which may offer considerable difficulty, viz., the legal status of the troops and financial arrangements for avoiding any burden on the German economy. Moreover, you will appreciate the delicacy of the relationship of any special arrangements which we make to the negotiations presently going on between Germany and the occupying powers.

4. Please report developments to us as soon as possible and let us have your own views.

404. DEA/11381-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 116 Ottawa, October 12, 1951

SECRET. IMPORTANT.

STATIONING OF 27TH CANADIAN INFANTRY BRIGADE IN GERMANY

Following is the text of the message referred to in my immediately preceding telegram, Begins: Your message MND-15 received just before meeting with Eisenhower and Gruenther. Following meeting with them had further discussions with Abbott and Foulkes.

2. All agreed that postponement of move of 27 CIB would have most depressing effect and cause considerable administrative difficulties.

3. All agree that suggestion in Para. 5 of your message offers best solution, and in agreement with Abbott and Foulkes am now trying to arrange meeting between Davis, self and U.K. High Commissioner in Germany or his representative with Dr. Adenhauer [sic] to ensure no misunderstanding as to status of Canadian troops.

4. Was given information at SHAPE clearly indicating that Adenhauer under no misapprehension regarding status Canadian troops going to Germany and in fact in conversation with McCloy Adenhauer is quoted as differentiating clearly between U.S. and U.K. forces under occupation statute, French Belgium and Netherlands forces as part of European Army and Canadian troops as part of the NATO forces.

5. I propose in meeting at Bonn Saturday, Sunday or Monday to reassure and obtain acknowledgement from Adenhauer in presence of Davis and U.K. High Commissioner:

(a) Canadian troops are arriving in Germany under NATO auspices to strengthen Western defence and will have no part in occupation duties.

(b) That financial arrangements will ensure that cost of maintaining Canadian troops will be borne in full by Canada and will not in any way be a burden to German economy.

(c) That in interests of administrative simplicity it is desirable to follow present U.K. arrangements respecting passports, customs, and similar matters but these are to be a temporary arrangement pending general agreement and to be without prejudice to status of Canadian forces as a non-occupational force.

6. British are absolutely clear that under no circumstances will Canadian troops be used for any occupational duties or aid to civil power in Germany.

7. Finally, and this for British only, that services which the British provide for us, which they in turn may obtain from the Germans under the Occupation Statute and for which we finally pay shall be paid for in full by us and arrangements shall be made so that the British do not profit financially at our expense.

8. It would be my hope that Dr. Adenhauer will understand the situation and will be prepared to make a statement setting for the conditions surrounding the arrival of the Canadian forces. Further that he will realize the need for grouping with the British forces as a military and administrative convenience and that any arrangement made now would be a temporary one subject to further negotiation at the appropriate time.

9. General Eisenhower has agreed to meet the first main group of the Brigade at Rotterdam on 21st November 1951 and to take part in an appropriate welcoming ceremony. Further he has stated that the public relations facilities of SHAPE are at our disposal if they can be of any assistance in making sure that the conditions surrounding the arrival of the Brigade in Europe are fully understood by all concerned.

10. I will keep you informed of situation. Ends.

405. DEA/11381-40

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 103 Bonn, October 13, 1951

TOP SECRET. MOST IMMEDIATE.

Repeat London No. 1834; Washington EX-1991; Paris No. 405 (October 14, 1951). Reference: Our telegram No. 102 of October 12† and exchange of telegrams between the Minister of National Defence and General Simonds, October 12.

STATUS OF CANADIAN TROOPS IN GERMANY

1. General Simonds, Brigadier Moncel and I had conference this morning with United Kingdom High Commissioner who is presently Chairman of the Allied High Commission.

2. Sovereign power in Germany rests with the High Commission and defence is reserved power under the Occupation Statute.

3. As a matter of courtesy, notification of arrival of troops was given simultaneously by the United Kingdom High Commissioner and this Embassy.

4. Advent of our troops has been used by the Germans as bargaining point in present negotiations for transfer on contractual basis.

5. Germans are attempting to establish the right to say what troops shall come here and the conditions of their coming.

6. Under no condition will this right be acknowledged and the High Commission will insist on the retention of full power in this field under any contract.

7. If we attempt to enter into any (word omitted) with the German Government which implies their right so to do, we would thereby seriously prejudice Eisenhower's freedom to dispose of his troops. In any event, any arrangement to be legal would require High Commission approval.

8. Legal position, therefore, is that our troops can only come here under the auspices of and by arrangement with the Allied High Commission and must depend upon High Commission law for maintenance of their own security.

9. High Commission law is based upon four-power agreement, including Russia, which permits former belligerents to send troops to Germany. Any arrangement outside of the law could be challenged by Russia.

10. In my opinion imperative that these troops come as planned as delay now might seriously affect present contract negotiations and would be used by the Germans for domestic political purposes.

11. All appreciate your desire that these troops shall not be occupation troops nor become an additional burden on the German economy.

12. Suggest joint public announcement by the Canadian Government and the United Kingdom High Commission along these lines, Begins:

'These troops have been assigned to General Eisenhower's command, and he has placed them in Germany with the concurrence of the Allied High Commission, at present the competent defence authority in Germany.

So far as Canada is concerned, their activities will be limited to defence purposes and their presence will not, repeat not, add to the occupation costs. Ends.

13. To sum up it is understood by all concerned that, while the legal basis for the arrival of our troops is the Occupation Statute, yet in actuality they will have no, repeat no, occupation duties.

406. DEA/11381-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 122 Ottawa, October 15, 1951

SECRET. MOST IMMEDIATE.

Repeat London No. 1838; Washington EX-1996; Paris No. 407.
Reference your Telegram No. 103 of October 13 and previous messages.

STATUS OF CANADIAN TROOPS IN GERMANY

The Cabinet have this morning discussed this matter and have agreed that a joint public announcement along the lines of that set out in paragraph 12 of your telegram No. 103 of October 13th would be satisfactory. The Government assume that this course is agreeable to the powers represented on the Allied High Commission.

2. The Government intend to table in Parliament this week (if possible tomorrow), an Order in Council to authorize the despatch of the Brigade to Germany. At that time the Minister of National Defence would like to make the public statement referred to in the preceding paragraph of this telegram.

3. Will you therefore confer urgently with the Allied High Commission in order to obtain their agreement to immediate announcement along these lines, telegraphing the exact text which would be acceptable to them.

4. You are dealing with Kirkpatrick as Chairman of the Allied High Commission. Are we correct in assuming that Kirkpatrick will carry his U.S. and French colleagues with him in agreeing to the action proposed? On this assumption we are merely informing the U.K., U.S. and French Governments through our Missions of the course to be followed.

5. Obviously the details of legal and financial arrangements will have to be worked out at greater length. It seems to us that this could best be done in London, but we will be glad to have your views and those of General Simonds on this question. Ends.

407. DEA/11381-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 124 Ottawa, October 15, 1951

SECRET. MOST IMMEDIATE.

Repeat London No. 1841; Washington EX-1999; Paris No. 409.
Reference: My telegram No. 122, October 15th.

STATUS OF CANADIAN BRIGADE IN GERMANY

In order to simplify your immediate consultations and to make it possible for Mr. Claxton to make a statement in Parliament on Tuesday or Wednesday, we suggest following revised text of joint public announcement:

Begins, The 27th Canadian Infantry Brigade Group will from the time of its arrival in Europe form part of the integrated force under General Eisenhower and will be placed in Germany with the concurrence of the Allied High Commission, the present competent defence authority in Germany.

Their activities will be limited to defence purposes under the North Atlantic Treaty. End of draft.

2. This omits reference to occupation costs, which could be subject of a further statement later on.

3. Please try to telegram clearance of revised draft as quickly as possible.

408. DEA/11381-40

Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Under-Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

PERSONAL AND TOP SECRET Ottawa, October 15, 1951

Dear Tommy [Davis],

I received your letters of September 24th and October 2nd regarding the movement of the 27th Brigade to Germany, and am glad to have your frank personal opinions at all times.

2. Dealing first with your letter of September 24th, I regret that the Embassy was not given notice of Mr. Claxton's press release of September 18th. The reasons for this were:

(1) The interested members of this Department were entirely preoccupied with the NATO Council meeting during the week commencing September 15th, and

(2) The Department did not have advance notice of Mr. Claxton's release of September 18th, or for that matter of the final decision to deploy the brigade in the U.K. Zone of Germany.

3. When the matter was discussed by Cabinet Defence Committee on August 30th, the decision was that:

"(i) the 27th Brigade be despatched to Germany in November, 1951, assuming that satisfactory facilities were obtained for it by that time with either the U.S. or U.K. forces;

(ii) General Eisenhower be informed accordingly in confidence;

(iii) whether the brigade were grouped with the U.S. or the U.K. forces during the winter, the question of grouping and maintenance of the Canadian Army contribution to the Integrated Force would be open to review whenever necessary."

This left it to the Minister of National Defence to choose between the U.K. and U.S. Zones. (Enclosed is an extract from the minutes of Defence Committee for August 30).

4. Also enclosed is a copy of my letter of October 10 to the Deputy Minister of National Defence, which discusses many of the questions that interest you. I shall let you know what happens to the proposed "letter of guidance" on political questions mentioned in the letter to Drury. The main questions are, of course, the subject of urgent telegrams now being exchanged with you.

5. With reference to your letter of October 2, I think that General Simonds agrees that a close relationship should exist between the Brigade and the Embassy, and I hope that the letter of guidance will put this requirement in the forefront.

6. I heartily agree that you should be on hand to welcome the Brigade officially when it arrives in Germany. I don't think that you need any special authority for this purpose. We will, of course, pass on to you any information we receive about the movements of the Brigade.

7. We have reminded National Defence of the desirability of notifying you, through this Department, of visits to Germany of senior Service officers.

8. I am sorry that you have had such a deluge of "immediate" telegrams during the past few days. I realize what difficulties it has created for your limited staff.

Yours sincerely,

A.D.P. HEENEY

409. DEA/11381-40

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 108 Bonn, October 16, 1951

SECRET. MOST IMMEDIATE.

Reference: Your telegrams No. 122 of October 15th and No. 124 of October 16th.

1. Proposed statement met with approval of Kirkpatrick.

2. McCloy cannot be contacted until tomorrow night but Kirkpatrick assuming responsibility for approval.

3. Poncet contacted by telephone my presence and took exception to words "limited" in second paragraph of your draft, not, repeat not, because improper use but argues it would be seized upon by the Germans to argue all forces were limited to defensive purposes.

4. Have, therefore, agreed upon following announcement, Begins: The 27th Canadian Infantry Brigade Group will from the time of its arrival in Europe form part of the integrated force under General Eisenhower and will be sent and stationed in Germany for defence purposes under the North Atlantic Treaty with the concurrence of Allied High Commission, the present competent defence authority in Germany. Ends.[33]

410. DEA/11381-40

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. URGENT. Ottawa, October 24, 1951

Dear Mr. Drury,

I think that it is urgently necessary to clarify the Canadian position on the financial burden of maintaining the Canadian Brigade in Germany.

2. You will recall that on October 15th Cabinet approved the draft public statement submitted by the Ambassador in Bonn (in consultation with General Simonds

[33] Le Cabinet a pris un décret C.P. 5598, le 18 octobre 1951, en vue de placer jusqu'à 12 000 membres de l'armée canadienne ou de l'ARC en service actif dans les forces militaires unifiées sous la direction du Commandant suprême des Forces alliées en Europe.
Cabinet passed Order-in-Council P.C. 5598 on October 18, 1951 which placed up to 12,000 Canadian Army or R.C.A.F. personnel on active service as part of the integrated force under the Supreme Allied Commander, Europe.

and the U.K. High Commissioner in Bonn) which included the phrase "their presence (i.e. of the Brigade) will not add to occupation costs".

3. Later on October 15th, with the approval of Mr. Claxton, I asked the Embassy to delete this phrase from the text of the first agreed public announcement. My reason was to allow time for the courtesy notifications of our intentions to the Government of the United States and France.

4. The position at this moment is therefore that no public statement has been made on the Canadian position concerning occupation costs but that the three Occupying Powers have been told of the Canadian desire not to add to occupation costs. I am sure that they think the Canadian position to be that Canada wishes to pay in full for the upkeep of the Brigade.

5. So far as I know, the only thing that has been said to the German Government on this was the following statement in the U.K. High Commissioner's note of October 2nd to the German Government (enclosed with despatch No. 758 of October 2nd† from the Canadian Embassy):

"The stationing of the Brigade in the British Zone will not result in any increase to the Occupation account during this financial year."

We do not know why or on whose authority this statement was made, or what it is supposed to mean in accounting terms.

6. There has been no unfavourable reaction from the three Occupying Governments to the Canadian wishes. Therefore, the logical step now would be for the Canadian Embassy to tell the German Government (and to announce publicly) that the Brigade will not add to occupation costs (not merely in the current financial year but so long as the occupation costs regime exists).

7. However, we are not clear as to what is comprised in "occupation costs". In your conversation yesterday with Mr. Wershof, you expressed doubt as to whether the Canadian Government would wish to bear the cost of new buildings required for the Brigade. If such construction is covered by "occupation costs", there may be difficulty in our having it both ways. Do we expect the German Government to bear such construction costs but not to bear any other "occupation costs" relating to the Brigade?

8. It is of course expected that the current tripartite discussions with Germany will produce new and satisfactory arrangements relating to the cost of defence in Germany. However, it may be several months before such arrangements are concluded and in the meantime it seems necessary for the Canadian Government to take a definite position covering the interim period.

9. I should be grateful for your advice as to what we should now say to the Ambassador in Bonn. Also, if it is expected that very substantial new construction will be required during the next couple of months, would it be desirable to bring this aspect of the problem before Cabinet Defence Committee as quickly as possible?

Sincerely yours,

C.S.A. RITCHIE
for A.D.P. Heeney

411. DEA/11381-40

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

DESPATCH 823 Bonn, October 24, 1951

SECRET

Reference: My telegram No. 109 of October 17, 1951.

27TH CANADIAN INFANTRY BRIGADE TO GERMANY

I attach a copy of a letter† addressed to me by the Legal Adviser of the United Kingdom High Commissioner's Office on the status of the 27th Brigade under Occupation Law now in force in Germany. I attach a copy of the text† of Allied High Commission Law No. 2 defining the categories of persons and authorities covered by Occupation Law.

2. Law No. 2 was enacted when the Allied High Commission was set up to be the governing body acting for the Western Occupying Powers in the field of competence reserved to themselves under the Occupation Statute. The occasion was the creation of the Federal Republic. Law No. 2 is one of a series enacted by the High Commission under its reserved powers defining the status of the armed forces and Occupation authorities in Germany. This included provisions to ensure the armed forces' ability to maintain their own security, to avail themselves of certain facilities and to claim certain legal immunities.

3. In previous correspondence we have, I think, made it clear that the present Occupying Powers would not be happy if we were to take any action that might prejudice the legal basis created by these laws and on which their position in Germany depends. On the other hand, I doubt if, from our point of view, we would like to see Canadian troops in an inferior position to that occupied by the other forces in Germany. It is therefore clear that the 27th Brigade will have to have the same privileges, immunities and facilities as the troops of the Occupying Powers. The problem is to see that these requirements do not conflict with our position that the Brigade should not be styled an Occupation force.

4. The attached legal opinion, if I read it correctly, merely states that it is possible for a force not engaged in Occupation duties to be termed an Occupation force for the purposes of receiving the privileges, immunities and facilities mentioned. But nothing in the opinion suggests that they could have these privileges, immunities and facilities without being termed an Occupation force. I do not think that the last sentence of paragraph 3 of the attached opinion is strictly correct inasmuch as from our point of view there may be some very practical significance, or at any rate, political significance if a Canadian soldier is obliged to plead immunity to German legal processes on the grounds that he is a member of the Occupation forces, which I assume from the opinion would have to be the case. (Although Law No. 13 on

Legal Immunities uses the term "Allied Forces" which is unexceptionable, that term is defined in Law No. 2 in such a manner as to make it necessary to call the Canadian Brigade an "Occupation Force" if it is to be included in the more general term "Allied Force").

5. The opinion does not mention the amendment to the Charter of the Allied High Commission quoted in my telegram No. 107 of October 15.† It seems to me that our position would be less equivocal if a more direct connection were made between the revised Article 1, paragraph 3 of the Charter of the Allied High Commission and Law No. 2 of the Allied High Commission by amending the latter to include in the term "Allied Forces" those troops stationed in Germany by virtue of the former.

6. I am told by Mr. Wilgress that a representative of the Judge Advocate General's Branch will be coming with Mr. Alex Ross and others to discuss detailed arrangements here next week. I am sending a copy of this despatch and enclosures to London in the hope that the representative of the Judge Advocate General will comment on it. When the party arrives from London and a detailed agreement is reached I assume that that will substitute for the note to the High Commission referred to in my telegram under reference.

T.C. DAVIS

412. DEA/11381-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 145 Ottawa, October 30, 1951

SECRET. IMPORTANT.

Repeat London No. 1934.
Reference: Your despatch No. 823, October 24.

LEGAL STATUS OF CANADIAN BRIGADE

In your telegram No. 107 of October 15 you quoted the U.K. High Commissioner as saying that (with the aid of new Commission legislation if necessary) he would try to ensure that the Brigade should have all the immunities "presently possessed by occupation forces without their being designated at all as such".

2. From despatch No. 823, it appears that the Brigade will have all the immunities of occupation forces only because the expression "Occupation Forces" in Law No. 2 is defined as including "auxiliary contingents of other Powers serving with" the armed forces of the Occupying Powers. In other words, the Brigade will be part of the "Occupation Forces" within the meaning of Law No. 2 and related Commission laws.

3. This result is not what the U.K. High Commissioner forecast in your telegram No. 107 and we are reluctant to advise the Government to acquiesce in it.

4. The Occupation Statute reserves to the Commission the subject of "Allied Forces"; it does not say "occupation forces". It seems to follow that the Commission could, if it wished, amend Law No. 2 (and if necessary other laws) to cover a new category of "Allied forces" which could be defined as "forces of any other Allied Nation participating in the defence of Western Europe" etc, using the wording employed in Art. 1, paragraph 3 of the Commission Charter. If that were done, the Brigade would have the protection of all existing laws relating to occupation forces but would not, even as a legal technicality, be styled "Occupation Forces".

5. Unless you see some serious objection, please discuss this immediately with U.K. High Commissioner and press for solution on lines of preceding paragraph. We realize that Commission may be reluctant to enact amendments of laws which may be abolished in a few months, but we do not consider such reluctance as a sufficient reason for forcing an inaccurate legal style on the Canadian Brigade even for a few months.

413. DEA/11381-40

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 119 Bonn, November 3, 1951

SECRET

Reference: Your telegram No. 145 of October 30th.

LEGAL STATUS OF CANADIAN BRIGADE

1. United Kingdom High Commissioner agrees to submit amendment to make situation clear. He has already given notice of the same.

2. We will check proposed amendment.

414. B.C./Vol. 108

Le chef de l'état-major général
au commandant de la 27e brigade d'infanterie

Chief of General Staff
to Commander, 27th Infantry Brigade

SECRET Ottawa, November 6, 1951

COMMAND INSTRUCTIONS

General

1. 27th Canadian Infantry Brigade Group will proceed to Europe under your command for integration with the forces of the North Atlantic Treaty Organization assigned to Supreme Headquarters, Allied Powers in Europe.

2. The Supreme Allied Commander in Europe is placing 27th Canadian Infantry Brigade Group under command of the Commander-in-Chief, British Army of the Rhine, upon arrival of the Brigade Group on the Continent of Europe. The Commander-in-Chief, British Army of the Rhine, will therefore be responsible for the training, operations and administration, except for certain administrative matters as set out in your Administrative Instructions, of 27th Canadian Infantry Brigade Group.

Composition

3. The general composition of 27th Canadian Infantry Brigade Group will be the 27th Canadian Infantry Brigade with certain supporting arms and service troops. Details of the exact composition will be notified to you separately.

Role

4. (a) Your immediate mission will be to complete the task of raising the standard of efficiency of your force to that required for operations.

(b) To undertake training and operations with UK forces in Europe or with such other components of the Integrated Force as may be ordered by the Supreme Allied Commander in Europe.

(c) The Force under your command will not undertake any occupation duties, or any tasks in aid of the civil power in Germany. In the event of riot or insurrection you may take such action as you consider necessary for the security of your own Force.

Status

5. An Order of Detail will be issued, placing 27th Canadian Infantry Brigade Group in combination with UK Forces in Europe under Section 6 of the Visiting Forces (British Commonwealth) Act, 1933.

6. It will be necessary for you to establish a working arrangement for the exercise of mutual powers of command between officers of your Force and other North Atlantic Treaty Organization Forces in Europe.

7. The legal right of your Force to be stationed in the British Zone of Western Germany is to be found in Article I, paragraph 3 (a) of the Charter of the Allied High Commission which provides that Forces of nations, other than the Occupying Powers, deployed in Germany for the defence of Western Europe may be stationed in such areas of the zone of occupation as are agreed by the High Commissioner and the Commander-in-Chief of the zone concerned.

8. The question of the legal status, privileges and immunities of the members of your Force is now under negotiation between the Canadian Ambassador in Germany and the Allied High Commission, and a separate letter of instructions will be issued to you as soon as possible. Guidance on political matters, including your relationship with the Canadian Ambassador in Germany, will be detailed to you in a separate communication.

9. The principle of the separate entity of the Canadian Force shall at all times be maintained. You will ensure that this principle is brought to the attention of commanders of formations in which you may be serving, so that your tasks and undertakings may be so allotted or arranged, with due regard to operational necessity and to the size of the Canadian Force, that its Canadian entity will be preserved.

Discipline and Administration

10. You will be the Senior Canadian Army Officer with the North Atlantic Treaty Organization Forces in Europe.

11. You will be responsible for discipline and purely Canadian administration of all Canadian troops in the European theatre, less troops in the UK under command Canadian Joint Staff (London), and less Canadian Army Officers and Other Ranks serving at Supreme Headquarters, Allied Powers in Europe or attached to other NATO forces under exchange arrangements.

12. Details concerning your special powers with respect to discipline have been communicated to you by separate instructions.

13. Administration of the Force will be in accordance with existing instructions and such other instructions as may be communicated to you from time to time.

Channels of Communication

14. No limitation is placed on your direct channel of communication on any matter with the Chief of the General Staff.

15. Various other matters, including the rendering of reports and war diaries and procedure with respect to honours and awards, will be dealt with in subsequent administrative instructions.

16. Channels of communication will be as follows:

(a) Routine administrative correspondence from Army Headquarters will be sent direct to 3 Canadian Administrative Unit.

(b) Correspondence other than the above will be sent to Headquarters, 27th Canadian Infantry Brigade. Copies of such correspondence from Army Headquarters, Ottawa, relating to policy will be sent to Army Member, Canadian Joint Staff, London.

G.G. SIMONDS

[PIÈCE JOINTE/ENCLOSURE]

Le chef de l'état-major général
au commandant de la 27e brigade d'infanterie

Chief of General Staff
to Commander, 27th Infantry Brigade

SECRET Ottawa, November 6, 1951

SUPPLEMENTARY INSTRUCTIONS

General

1. This instruction supplements the Command Instructions issued to you 6 Nov 51. It embodies my direction to you in respect of your relations with the Canadian Ambassador in Bonn, the British Army of the Rhine and the German Federal Republic. This instruction has been reviewed by officials of the Department of External Affairs and is in accord with their views.

Relations with the Canadian Embassy in Bonn

2. The Ambassador, Mr TC Davis, is the representative of the Government of Canada to the German Government, and is the official channel of communication between the Canadian Government and the German Government. As Ambassador, he is concerned with everything that may affect the relations of the two governments or the opinion of Canada held by the German people.

3. The mere presence of a Canadian Brigade in Germany is a political fact of considerable importance. Accordingly, it is desirable that you should keep the Ambassador informed of any developments concerning the Brigade which might have an effect on political or public relations.

4. Also, although the Ambassador has no authority over the Brigade, he will naturally wish, as the representative of the Government, to give you any assistance possible in matters affecting the welfare of the members of the Brigade, as you may desire such assistance.

5. Without at present laying down channels or methods of communication and discussion between yourself and the Ambassador, it is desired that you should, for your part, endeavour to ensure the establishment of close and cordial relations in the light of the preceding paragraphs. A copy of this letter will be sent to the Ambassador by the Department of External Affairs.

Relations between the Brigade and the British Army of the Rhine

6. The deployment of the Brigade in the UK Zone of Germany under command of Commander-in-Chief, British Army of the Rhine, may give rise to political misunderstanding among many people — Germans, British and even Canadians. It is hoped that you, and the officers and men under your command, will be able to reduce such misunderstanding without injury to anyone's feelings.

7. The United Kingdom is one of the three Powers occupying Western Germany. The British Army of the Rhine has a double role —

(1) it assists the UK High Commissioner in carrying out the occupation and

(2) it has been assigned by the UK Government to General Eisenhower as part of the Integrated Force for the defence of Western Europe created by the North Atlantic Treaty nations.

8. Canada is a full and equal member of NATO and shared in the decision to establish the Integrated Force. The Government, with the approval of Parliament, has decided to assign the 27th Brigade to the Integrated Force. On informing General Eisenhower of its decision to offer 27 Canadian Infantry Brigade Group to the Integrated NATO Force in Europe, the Government of Canada asked his advice on the question of the location and command grouping which would be most advantageous from the military point of view. General Eisenhower recommended that 27 Canadian Infantry Brigade should be located in the Northern Sector of the Western European Defence Zone and grouped under command of British Army of the Rhine. The fact that the Canadian Brigade is grouped under British command in no way affects its status as a formation of the Canadian Army.

9. You will receive separate advice on the legal status of the Brigade under the laws now in force in Germany. Whatever the technical legal position may prove to be under the Occupation Statute, the important fact is that politically the Brigade is not part of the occupation.

10. The basic fact, which should be kept to the forefront, is that Canada is contributing the Brigade to a North Atlantic army under General Eisenhower, an army which has been created to deter aggression in Western Europe against the North Atlantic Treaty alliance. By helping to deter aggression, the Brigade will be protecting and defending Canada and serving the national interests of Canada.

Relations with Germany

11. At the conclusion of the tripartite meetings in Washington in September, 1951, the Foreign Ministers of the United Kingdom, the United States and France announced that they had agreed to the negotiation of mutually acceptable arrangements with the German Federal Republic which would completely transform existing relationships with Germany. The guiding principle was described as "integration on the basis of equality within a European community, itself included in a developing Atlantic community" — a development which would be "inconsistent with the retention in future of occupation status or of the powers to interfere in the Federal Republic's domestic affairs".

12. This statement reflects the profound changes which have taken place over the last two years, beginning with the setting up of the German Federal Republic in September 1949, and leading, in the case of Canada, to the termination of the legal state of war in July of this year, an act which was soon followed by the establishment of normal diplomatic relations.

13. At the same time, the way has been paved for a new status on the part of the German Federal Republic in the military sphere. As was noted in the final communique of the North Atlantic Council in Ottawa in September, 1951, the Occupying Powers have also welcomed the plans for a European Defence Community of which Germany would form a part. Discussions of possible German participation in this field have been going on ever since it was approved in principle by NATO in September, 1950, and it is hoped that negotiations now in progress will result in the

formulation, in the near future, of concrete measures not only for a new political relationship on a contractual basis, but also for a specific German defence contribution.

14. In the light of the above developments, you will gather that, in spite of special privileges and rights which may be retained for Canadian troops stationed in Germany, your attitude of dealing with the German authorities should be based on the fact that Germany is an important potential ally. It is important that this position be understood by all ranks under your command and particularly by those who may deal directly with German authorities.

15. In the past, the West German Government and people have shown some reluctance to re-arm because of the obvious fear of seeing their country overrun and demolished in the event of war. More recently the West Germans have gone a long way to overcome this defeatist attitude and the presence of your troops along with others under the Supreme Commander will further strengthen their national spirit and morale. Although any people is inclined to resent the presence of large numbers of foreign troops stationed on their soil in time of peace, the Germans have become adjusted to the presence of such forces and appreciate the need for them from the point of view of their own security.

16. Nevertheless, the attitude and behavior of the forces under your command is of extreme importance from a political point of view, in fostering a spurt of wholehearted co-operation on the part of the German people with Allied aims and objectives. Further, the German government has made clear that its participation in the Western defence effort would be on the principle of complete equality and this has now become a domestic political issue of prime importance. It follows that any actions on the part of our troops at this stage giving the German people the impression that they are being treated as a defeated or subordinate people will not only be bitterly resented but will do harm to the Allied cause. At the same time, any impression that we are trying to curry favour with the Germans would also be harmful.

17. The very fact, however, of the special status of the Canadian Brigade in Germany creates a situation of some delicacy in maintaining a proper balance in your relations both with the Germans and with the forces with whom you will be associated. While it is desirable that there should be no misunderstanding of your position with respect to the Occupation, it is equally important that the distinction between the status of the Canadian Forces and of those actually on occupation duty should not be used by the Germans to embarrass the Occupying Powers in their current negotiations with the Government of the Federal Republic in connection with the proposed new contractual relationship and the German contribution to a European Army. It is to be expected that the Germans will do everything they can to improve their bargaining power, and there are already indications, in the form of apparently inspired press accounts regarding the Canadian Brigade, that the Germans are not above seizing any opportunity to suggest that their authority in this matter is considerably greater than is in fact the case. Every care should be taken, therefore, to avoid giving the Germans any opportunity to use your presence in Germany as a

means to divide the Western Allies, whether through attempting to curry favour with one at the expense of another or by other methods.

G.G. SIMONDS

415. DEA/11381-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs to Ambassador in Federal Republic of Germany

TELEGRAM 156 Ottawa, November 9, 1951

SECRET. IMPORTANT.

Repeat London No. 2018; Washington EX-2179.
Reference Canada House despatch No. 4270 of October 16, 1951.†

DRAFT CONVENTION ON THE STATUS OF FOREIGN FORCES STATIONED IN GERMANY†

Following from Claxton for Davis and Wilgress, Begins: A copy of the draft Convention enclosed with Canada House despatch under reference was sent to Bonn in Mr. Heeney's letter of October 30, 1951.† A preliminary review of this Convention, both in National Defence and this Department, has disclosed certain features which we regard as open to the most serious objections from the point of view not only of Canada but of every other country participating in NATO but not an occupying power.

2. The first is the use of the word "attached" in the definition of the term "members of the forces" in Article I. It does not seem to us that the force of a country party to the North Atlantic Treaty but not an occupying power can in any sense be said to be "attached". Moreover, this word has an established connotation in connection with the Visiting Forces (British Commonwealth) Act 1933. In this Convention, which is designed to establish a relationship between forces stationed in Germany and the German Government, we can see no reason why reference should be made to the relationship of the forces of one NATO power to those of any other NATO power.

3. The second objection is that we see no reason to underline in this Convention the pre-eminent position of the three present occupying powers in Germany. This is more appropriately provided for in the proposed "Agreement on General Relations with the Federal Republic" which will take the place of the Occupation Statute. The present draft Convention is apparently designed not to deal with the over-all command structure of armed forces in Western Europe, but rather to create a relationship in respect of armed forces only between the Federal German Government and the governments of other NATO countries providing forces to be stationed in Germany. Obviously it is undesirable to place the forces of any NATO country in a

position subordinate to that of any other NATO country insofar as the German Government is concerned.

4. It would seem to us that the Convention should be drafted in such a way that it could be signed originally by the three occupying powers but its terms would provide that it could be acceded to by any other NATO government which would have forces stationed in Germany and that such other government, after accession, would have rights and privileges to the same extent as the original signatories. This would obviate the necessity for the delegation mentioned in Article 2, paragraph 2, of the draft Convention.

5. I should be grateful if Mr. Davis in Bonn and Mr. Wilgress in London would let me have their comments and if they concur immediately put these views before the United Kingdom High Commissioner in Germany and the Foreign Office in London respectively. We intend to ask our Embassy in Washington to present these views to the State Department.

416. DEA/11381-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-2187 Ottawa, November 10, 1951

SECRET

Reference: My telegram EX-2179 of November 9, 1951.

DRAFT CONVENTION ON THE STATUS OF FOREIGN FORCES STATIONED IN GERMANY

My telegram under reference was repeated to you prematurely yesterday. The intention was to send you background material in a despatch together with copy of EX-2179. Following is summary of position.

The draft Convention referred to is one of the four Agreements now being negotiated with the German Federal Republic with a view to replacing the present Occupation Statute. A copy of the draft Convention which is still in the formative stage was received under cover of Canada House despatch No. 4270 of October 16.† As it stands at present, the draft Convention takes the form of an Agreement between the Three Occupying Powers and the Federal Republic. Article 1 defines "members of the forces" as (in part) "(a) members of the armed forces of the Three Powers or of contingents of other Powers attached to such forces;". In Article 2 the term "the Power concerned" is defined to mean

"(a) in the case of the armed forces of any of the Three Powers, the Power whose forces are in question;

(b) in the case of the armed forces of any other Power, that one of the Three Powers to whose forces the forces in question are attached."

Article 2 continues as follows: "However, in the case of (b) above, the Power concerned may delegate to the authority of the other Powers, whose forces are attached to its own, any right or obligation deriving from this agreement."

A copy of the draft Convention will be sent to you by air bag.

417. DEA/11381-B-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 123 Bonn, November 12, 1951

SECRET

Repeat London No. 9.
Reference: Your telegram No. 156 of 9 November.

New draft document referred to is being sent by today's bag. Believe objection raised in paragraph two of telegram under reference is met.

2. Propose to explore, unofficially, possibility of direct association mentioned in paragraph 4. However since we agree with reasoning in paragraph three, I doubt if direct association will prove practicable,

(a) Because agreement, as it now stands, envisages organisation of court and administrative office not, repeat not, practicable for so small a formation as a brigade; and

(b) To divide agreement into main body to which we could accede and a Protocol for major powers only would require re-drafting a document very nearly finished. The end result might make it appear that we were obtaining all privileges in agreement without accepting any responsibilities, except of course the military responsibility of defence.

3. I will report separately on results of talks with United Kingdom authorities.

418. DEA/11381-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs to Ambassador in Federal Republic of Germany

TELEGRAM 161 Ottawa, November 16, 1951

SECRET. IMMEDIATE.

Your 123 of November 12. Status of Canadian Brigade.

Mr. Claxton will no doubt discuss this matter with you when he is in Bonn. Meanwhile we appreciate the force of the points raised in your telegram under reference. Mr. Claxton would however hope that:

(a) some other term than "attached" could be used;

(b) the delegation might be from the three powers and not only from the United Kingdom.

419. DEA/11381-B-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 126 Bonn, November 17, 1951

SECRET

Repeat London No. 10.
Reference: Your telegram No. 158 of November 13th.†

LEGAL STATUS OF 27TH BRIGADE IN GERMANY

1. Draft amendment in Article 1 provides for the addition of sub para (b) in Article 1, paragraph 3, Law No. 2, which reads "the forces of any allied nation participating in the defence of Western Europe and deployed within Germany for that purpose". A consequent amendment is made to sub para (d) of paragraph 3.

2. Article 2 of the draft law reads "any provision of legislation of the Allied High Commission which relates to occupation forces shall also apply to forces of any allied nation participating in the defence of Western Europe and deployed within Germany for that purpose".

3. This is to ensure that all privileges of occupation forces shall be available to the Brigade since many important legislative texts, Law 14 and Law 43 for example, only refer to occupation forces and not, repeat not, to allied forces.

4. I consider draft amendment satisfactory as it ensures that the Canadian Brigade will in no way be afterwards designated occupation forces. By law it will have the same privileges and immunities, and Article 2 above as drafted could give it the same obligations. Solution here is in the Brigade Commander's letter of instructions.

5. Above text is as submitted by the British and, of course, subject to possible amendment by the other two members of the Allied High Commission. Will let you know progress of its discussion which, because the High Commission and its committees now meet infrequently, cannot but take some weeks.

420. DEA/11381-B-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

DESPATCH 882 Bonn, November 19, 1951

SECRET

Reference: Our Despatch No. 870 of November 14, 1951,† and our Telegram No. 126 of November 17, 1951.

STATUS FOREIGN FORCES IN GERMANY

As the result of conversations reported in despatch under reference, we have now received from Dugald Malcolm of the U.K. High Commission personal and secret letter dated November 16,† a copy of which is attached hereto.

2. The contents of this letter have been made known to us as the only ones outside of the negotiating parties and therefore the secrecy thereof must be carefully preserved.

3. A perusal of the enclosure indicates a line of reasoning completely in line with that contained in Mr. Wilgress' telegram No. 2762 of November 13.†

4. Let me shortly express my views. Sub-paragraph (A) of paragraph 2, of that telegram states the fact:

"That the three occupying powers will retain supreme authority in Germany and that the right to maintain forces in Germany is not repeat not considered a proper subject for inclusion in contractual arrangements."

5. As a matter of fact this right is being tacitly reserved to the occupying powers under the contract. Although they do not propose to leave open to question their *right* to station troops — reserved in the General Convention, — the three powers in a self-denying gesture are prepared to put in the form of a contract, freely negotiated, the *conditions* which will apply to their forces which continue to be maintained here.

6. Coming now to the question which is of chief concern to us. Canada will have troops in Germany, and it seems that they may be here in one of two ways, namely by virtue of an agreement reached with Germany and the occupying powers on the one side and Canada on the other, which would make Canada a party to the contract, or alternatively by Canada being accorded this right by the three powers or one of them. It would seem to me that having reserved out this right and having it acknowledged by Germany, the three powers will wish to control conditions under which troops of other powers will be here. If we enter into a contract with Germany as a party thereto, then we automatically acknowledge that Germany has in the final analysis the right to agree or refuse to have our troops here or state condition of their presence. I think that therefore it is impossible without undermining the whole position of the three powers, for Canada to enter into a contract or agreement

with Germany. The Allies would not let us, and we would have to challenge their position at the highest level, if we wished to pursue the proposal of a contract to which we and the Germans would be parties.

7. Unless we are prepared to do so, the wisdom of which I would doubt, I think we therefore must deal with the three occupying powers and receive our status under delegation from either one or the three powers.

8. It further follows that under the circumstances there is nothing we can do about it except to raise points of details in connection with the terms of the proposed contracts themselves.

T.C. DAVIS

421. DEA/11381-A-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

SECRET Ottawa, November 19, 1951

Dear Sir,

This will refer to your letters of October 10th and October 24th about the financial arrangements for the maintenance of the Canadian Brigade in Germany.

I have now been advised by Mr. Ross that the following action has been taken resulting from discussions which he has had with appropriate officers at London, Bonn and BAOR Headquarters.

A directive has been issued to headquarters, BAOR, by the Office of the Service Relations Adviser to the United Kingdom High Commissioner indicating that the following principles have been agreed upon provisionally:

(i) The brigade has been brought into the British zone in Germany under the terms of Article 1.3(a) of the Revised Charter of the Allied High Commission as an auxiliary contingent under the command of the BAOR and to be treated as such for all purposes;

(ii) The brigade is to receive all its requirements of logistic support from German sources through BAOR by means of requisition, procurement, assessment and payment procedures at present in force in the British zone and to be subject to the regulations laid down from time to time by the United Kingdom High Commissioner for use of this machinery in the exercise of Allied High Commission mandatory powers;

(iii) Records are to be maintained of deutschemark costs which are admitted as a charge to the occupation costs and mandatory expenditures budget in accordance with present regulations and which would not have been incurred except for the presence of the brigade in the British zone. The arrangements by which reimbursement will be effected are subject to subsequent decision;

(iv) BAOR are requested to issue the necessary instructions to put these principles into effect as a provisional measure so that the immediate requirements of the brigade can be satisfied.

Mr. Ross has also advised that discussions have taken place at BAOR regarding the necessity for early action to provide alternative accommodation to that now being made available from other allotments to accommodate the 27th Brigade and which alternative accommodation will be required in the fall of 1952. It has been agreed that the acquisition of land and the construction of barracks and other accommodation will be dealt with in the first instance as one of the camp areas required by the BAOR under the existing policy and procedures, and will not be referred to as specifically for Canadian purposes. This was considered essential, firstly, in order that accommodation would be available when required and, secondly, to enable the United Kingdom and other countries with occupation forces to discuss with Germany a proposed contract agreement for the future which may influence our policy also regarding capital costs for construction.

The question of financial adjustment between Canada, the United Kingdom and Germany remains to be decided. On the assumption that Canada will pay the full cost of maintenance of the 27th Brigade in Germany, the alternatives appear to be:

(a) to make arrangements with the Federal German Republic to reimburse them directly for deutschemark costs, or

(b) to pay to the United Kingdom the full costs of maintenance of the Brigade including deutschemark costs on the understanding that settlement will be made between them and the German Government in respect of the deutschemark costs.

We believe that it is preferable for Canada to reimburse the German Government directly for costs incurred by it. We are cabling Mr. Ross, suggesting that he take the opportunity to discuss this aspect of the matter with Mr. Claxton, Mr. Abbott and Mr. Pearson while they are in Europe.

With regard to capital costs, it does not appear to be possible at the present time to reach any final conclusion as to final settlement of these costs as this will depend upon arrangements eventually made as to troop accommodation either as part of infrastructure costs or as a contribution by Germany to the cost of maintaining Western Defence Forces in Germany, or under bilateral arrangements.

Mr. Ross has not yet been able to furnish us with an estimate of the deutschemark and sterling costs of maintaining the 27th Brigade in Germany. Information has been furnished by the War Office as to rates for some of the components, but these are not complete and will be the subject of further discussion. A tentative statement furnished by the United Kingdom on the BAOR deutschemark budget for 1952-53 to the T.C.C. showed a cost in respect of the Canadian Brigade in the neighbourhood of 16 deutschemarks (27 shillings) per day for maintenance and 73 million deutschemarks for capital works services. This budget is being reviewed and revised by BAOR and is, therefore, also the subject of further discussions.

Yours very truly,

E.B. ARMSTRONG
for Deputy Minister

422. DEA/11381-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 168 Ottawa, November 27, 1951

SECRET

Reference: Your telegram No. 126 of November 17.

LEGAL STATUS OF 27TH BRIGADE IN GERMANY

The draft amendments described in your telegram appear to be satisfactory, but the possibility of a delay of some weeks in completing the amendment procedure has caused some concern. In the absence of Ministers directly concerned from Ottawa, it is difficult to obtain guidance. In view of the length of time which has elapsed since the United Kingdom High Commissioner agreed in principle to the amendment, we are not happy about the prospects of further delay. It would appear reasonable to request the three Commissioners to hold a special meeting in order to complete the amendment procedure if it cannot be done in the normal course of business for some weeks.

I should be grateful if you would consider the advisability of pressing the three High Commissioners for immediate action. I have asked Washington and Paris by telegram (repeated to London) to explain to the appropriate United States and French authorities the desire of the Canadian Government to see the amendment procedure completed as soon as possible.

423. DEA/11381-B-40

Le chargé d'affaires de l'ambassade en République fédérale d'Allemagne
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires, Embassy in Federal Republic of Germany,
to Secretary of State for External Affairs

DESPATCH 903 Bonn, November 28, 1951

SECRET

Reference our despatch No. 882 of November 19, 1951.

STATUS OF FOREIGN FORCES IN GERMANY

Our despatch under reference was shown to Mr. Claxton and the matter discussed with him by Mr. Davis as they travelled together to the welcoming ceremony at Rotterdam.

2. Mr. Davis has reported that Mr. Claxton was prepared to agree that the Brigade receive its status under delegation along the lines of Article 1 of the draft agreement on status of October 30 (S.P.COM/P(51)19, 3rd revision, enclosed with our despatch No. 862 of November 12. Mr. Claxton would, however, have expressed a preference for a delegation from the three Powers rather than from one of them.

3. On reviewing Article 1 of the draft convention I find that sub-paragraph (i) of paragraph 1 of Article 1 speaks of "arrangement with the three Powers or any one of them". The choice therefore exists there.

4. Sub-paragraph (iii) also makes provision for agreement with the three Powers when it says "that one of the three Powers designated as such by agreement between such Power (Canada in this instance) and the three Powers".

5. I would assume that the immediately following proviso would not cause difficulty. It reads: "provided that the Power so designated may delegate to that other Power to exercise of any right or responsibility deriving from this Agreement which relates to the Forces or tribunals of the latter, which shall then be deemed "the Power concerned" to the extent of the delegation."

6. Under the text as it exists I would envisage that an agreement between Canada and the three Powers would arrange for the designation of the U.K., the U.K. in turn, as it is authorized in the above text delegating to Canada the exercise of any right or responsibility deriving from the general agreement.

7. The delegation would be from the United Kingdom to Canada but it would be provided for under an agreement between Canada and the three Powers. If we are not satisfied with the above mechanism of delegation from one Power resulting from agreement with the three, we would have to request that sub-paragraph (b) be amended for the delegation to be made directly by the three Powers, although in fact insofar as Canada did not establish a complete machinery of its own it would be borrowing the machinery of only one of the three. In such a case the delegation would be from three Powers but would apply only to the services and facilities provided by one of them. The whole convention is drafted not on the basis of tripartite machinery but of parallel machinery for each "Power concerned".

8. I will appreciate your early views on whether you are satisfied with the present text of the convention as giving sufficient guarantee to us, or whether you would wish to have it changed in order that the delegation should come directly from the three Powers.

J.A. CHAPDELAINE

424. DEA/11381-B-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 133 Bonn, December 7, 1951

SECRET

Reference: Your telegram No. 168 of November 27th.

I have urged speedy action at political level of the three elements stressing urgency from our point of view but primarily their own political interests in adding defence troops in the definition since they have been asserting time and again that their troops and additional ones were now here for defence purposes.

2. Special committee, despite British pleading yesterday afternoon, refused to consider amendment to Law 2 because of political implications. French, who had received their instructions, prepared however to agree to the new Law along the lines of Article 2 (my paragraph 2 of telegram No. 126 of November 17th) but which would specifically mention Canadian troops. British and French presenting draft to Legal Committee today along those lines. Will report directly.

425. DEA/11381-B-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 136 Bonn, December 8, 1951

SECRET. IMPORTANT.

Reference: My telegram No. 133 of December 7.

The Law Committee met this morning.

2. United Kingdom and French members agreed to new text in two articles, first of which reads "The Canadian forces stationed in the territory of the Federal Republic and participating in the defence of Western Europe shall enjoy the rights, privileges and immunities and be subject to the restrictions applicable to the Occupation Forces by virtue of legislation of occupation authorities."

3. Second paragraph of article applies the same to families, including non-German persons in their services.

4. United States element accepted the principles of the law but raised doubt on the legal implications, for example, Canadian forces would become subject to zonal legislation in each zone. Both the French and the British believed point unimportant and only slightly relevant. I concluded, on return to charge, (group corrupt)

United States that they had only raised it in order to have time to seek approval from Washington before the Law is before the Council of the Allied High Commission.

5. Law will be taken up at the next meeting of the Allied High Commission, possibly next Thursday, likely Thursday December 20th.

6. I see no objection to above text. Trust it is agreeable to you. At our suggestion, and with United Kingdom help, it was changed from "Canadian brigade" to "Canadian forces" and "obligations" to "restrictions". First word might imply occupation duties, latter ensures what is meant is customs traffic and other restrictions.

7. Both French and United States would not, repeat not, agree to former text, because of political implications on their forces, particularly on the financial side, making an amendment to the general law with the specific "defence forces" category. Ends.

426. DEA/11381-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM 180 Ottawa, December 13, 1951

SECRET. IMPORTANT.

Repeat Washington EX-2372.
Reference: Your Telegram No. 137 of December 11.†

STATUS OF CANADIAN FORCES

1. Although we still prefer the general form of amendment to Allied High Commission Law No. 2 set out in your telegram No. 126 of November 17, we are not (repeat not) disposed to object to the form of amendment (set out in your telegram No. 136 of December 8) which refers specifically to Canadian forces. You should therefore press for whichever amendment seems most likely to be acceptable.

2. As for the United States political adviser's request for justification of our keenness to have some law or amendment, I can only repeat our original reason contained in my telegram No. 145 of October 30. You have added another practical reason in your despatch No. 881 of November 15.†

3. At the same time that your telegram under reference was being considered, we learned of a State Department suggestion to our Embassy in Washington that the amendment procedure be abandoned and replaced by a formal statement by the Allied High Commission. The stated reason for the suggestion was that procedure by amendment might provide Schumacher with propaganda material. We think adequate publicity arrangements would prevent an adverse reaction and we are therefore still pressing for an appropriate amendment.

427. DEA/11381-B-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 141 Bonn, December 20, 1951

SECRET. IMPORTANT.

Reference: My telegram No. 140, December 19th.†

STATUS OF CANADIAN FORCES

1. United States member has proposed new text which I consider improvement on that quoted in my telegram No. 136 of December 7th. New text consists of preamble and two articles.

2. Preamble reads "Pending conclusion of agreement among governments of United States, United Kingdom, France and the Federal Government of Germany on status of non-German forces in the Federal Republic, the Council of Allied High Commission enacts as follows:".

3. Article 1 reads "The Canadian forces stationed in the territory of the Federal Republic and participating in the defence of Western Europe shall enjoy rights, privileges and immunities and be subject to restrictions applicable to the United States, British and French forces stationed in the territory of the Federal Republic".

4. Article 2 applies the same to families and includes non-German persons in their service.

5. The concurrence of British and French expected overnight. We can reasonably expect enactment of law by interim action of Allied High Commissioners when they return from Berlin, Friday afternoon, December 21st. I will report directly.

428. DEA/11381-40

Le chef de l'état-major général au commandant de la 27e brigade d'infanterie

Chief of General Staff to Commander, 27th Infantry Brigade

CONFIDENTIAL Ottawa, December 21, 1951

SUPPLEMENTARY INSTRUCTIONS

1. Attention is drawn to paragraph 2 of the marginally-noted instructions forwarded to you under reference HQS 2001-151/27 TD 27 (CGS) dated 6 Nov 51.

2. The paragraph in question refers to your relations with the Canadian Ambassador in Bonn and states, in part, that the Ambassador is the official channel of communication between the Canadian and German Governments. Through an

oversight, the fact was omitted that he is also the direct link between the Canadian Government and the Allied High Commission.

3. In all probability it will be necessary to amend certain other paragraphs of these instructions once current negotiations between the three Occupying Powers and the German Government have resulted in a new political and legal relationship with Germany. You will be advised further when the implications of this relationship become more clear.

G.G. SIMONDS

3e PARTIE/PART 3

CONSULTATIONS POLITIQUES
POLITICAL CONSULTATIONS

429. DEA/50030-AF-40

Note de la 1ère Direction de liaison avec la Défense

Memorandum by Defence Liaison (1) Division

TOP SECRET Ottawa, April 5, 1951

METHODS OF POLITICAL DISCUSSION IN THE NATO DEPUTIES AND THEIR POSSIBLE CONSEQUENCES — WITH PARTICULAR REFERENCE TO THE DISCUSSION OF YUGOSLAVIA

Basis of Political Discussions in the Deputies

1. The Deputies were created by Council resolution No. 4/7 in May, 1950. The resolution lists some particular tasks which the Council should undertake and one of these is to "exchange views on political matters of common interest within the scope of the Treaty". The resolution goes on to say that Deputies shall be appointed to enable the Council to carry out its responsibilities. The resolution then states:

"In the intervals between meetings of Ministers, the Deputies, duly authorised by their respective governments, will be responsible, on behalf of and in the name of the Council, for carrying out its policies and for formulating issues requiring decisions by the Member Governments."

In the proposed new terms of reference of the Deputies, both of these tasks will be mentioned in much the same terms as were used in May, 1950, i.e., the task of exchanging views on political matters and the task of formulating issues requiring decisions by the Member Governments (or by the Council).

2. At the Council meeting in May, 1950, Canada was in favour of the Council and the Deputies exchanging views on political matters of common interest within the scope of the Treaty, and there has been no suggestion since then that Canada is opposed to such exchanges of views.

3. There is clearly a sharp distinction between exchanging views, on the one hand, and formulating issues for decisions, on the other hand, although exchanges of views may often lead to the formulation of issues requiring decisions.

Chronological Account of the Discussion of Yugoslavia by the Deputies

4. The Summary Record of the Deputies for January 15, 1951, states:

"THE CHAIRMAN recalled that general political problems had already been discussed by the Deputies. This procedure seemed valuable and fruitful. He suggested that at regular intervals, every week at first and later perhaps every fortnight, the Deputies might exchange ideas on one of the current political problems of a general nature. He proposed that Yugoslavia should be discussed at the following meeting on Monday, 22nd January, 1951.

"The Deputies agreed in principle with this proposal, but stipulated that it was important that there should be a genuine exchange of views and not a series of unilateral statements by one or two Deputies. It would also be necessary for the subjects to be decided in advance, in order to give every Deputy the opportunity to obtain the views of his government and to express the official view. It would not be necessary to keep a record of these discussions."

5. On January 22, the discussion of Yugoslavia took place. The Summary Record does not report on the substance of the discussion. The Summary Record states:

"At the suggestion of the Canadian Deputy it was agreed that while the discussion would not appear in the normal way in the Summary Record, it would be desirable for the Secretary to prepare a draft agreed minute setting out the points covered in the course of discussion. This draft agreed minute could then be considered by a working group on which would be represented all interested delegations. In addition to considering the Secretary's draft the working group would also discuss further those points mentioned in the discussion on which no general agreement existed. Their views thereon would be consolidated and circulated to the Council Deputies, who would, as necessary, seek further instructions from their governments thereon with a view to continuing their discussion of them at a subsequent date."

In telegram No. 212 of January 24,† Canada House reported on the discussion and listed the points on which "general agreement was reached by the Council Deputies". One of these points was that "it was most desirable that the Western Powers should continue to give economic assistance to the Government of Yugoslavia to the best of their ability".

6. On January 29, telegram No. 248† from Canada House described the contents of the draft "agreed minute" prepared by a Working Group. The Department of External Affairs did not send to London any comments on this draft before it came up at the next meeting of the Deputies on February 12. On February 12, the Deputies had before them the draft agreed minute and approved it with a few changes. The Summary Record of the meeting states:

"It was agreed that this document did not constitute an "agreement" in the sense of a commitment for the governments which were a party to it, but was merely the consensus of opinion of those governments on the particular question."

7. Telegram No. 359 of February 13† from Canada House reported on the discussion by the Deputies on February 12 and said, in part:

"In order to avoid misunderstanding and to allay the uneasiness of certain delegations (which apparently included the Danish delegation), Spofford explained that the document was not intended to represent a formal agreement for action, but was merely a record of the present consensus of the Deputies which might be helpful in assisting governments to determine their attitudes towards a common problem. The meeting agreed with Spofford's interpretation of the status of the document.

"The Belgian Deputy suggested that, if individual governments modified their views in a direction different from that indicated in the document, it might be desirable for the deputies to be advised informally of any such change. There was general agreement with this suggestion."

8. The "agreed minute" is Document D-D(51)29(Final).† It is in two main parts. The first part lists points on which "general agreement was reached by the Council Deputies", and one of these points is the desirability of the Western Powers giving economic assistance to the Government of Yugoslavia to the best of their ability. The second part summarizes an exchange of views on the question of military support in advance of any open attack; this part merely reports views which were expressed and does not purport to say that the Deputies agreed to them.

Subsequent Political Discussion by the Deputies

9. Following the precedent established in respect of Yugoslavia, the Deputies had a similar discussion on March 12 regarding the Balkan satellite states. The Summary Record states:

"THE CHAIRMAN suggested that the procedure adopted for the exchange of views on Yugoslavia should also be followed in this instance and that an Ad Hoc Working Group should be instructed to prepare an agreed summary, setting out the consensus of the views expressed in discussion, for subsequent consideration by the Council Deputies after consultation with their respective governments. This agreed summary would not constitute any commitment for the NAT countries with regard to future action. He suggested that it might help future exchanges on political questions if the Ad Hoc Working Group could devise an agreed outline which would consist of a number of specific questions, on the basis of which the respective governments would be asked for instructions. The main object of this outline would be to enable those governments whose sources of information were more restricted than others to frame specific questions on which they were anxious to obtain information from other NAT countries.

THE COUNCIL DEPUTIES:

(1) Instructed the Ad Hoc Working Group to prepare a draft agreed summary on the lines proposed by the Chairman.

(2) Instructed the Working Group to draw up an agreed outline, for transmission to governments, consisting of specific questions on which instructions from governments would be sought."

10. Telegram No. 702 of March 22† from Canada House gives the text of the draft agreed minute concerning this discussion. Most of the minute consists of an appreciation of conditions in the countries. It goes on to say that there should be

further consultation in the Deputies on several questions of future policy, e.g., policy towards admission to the United Nations, and policy regarding diplomatic representation. The discussion of these points will take place in April. To date, therefore, we are not called upon to approve a draft agreed minute containing positive policy recommendations.

Possible Objections to the Procedure Followed by the Deputies

11. There has not been a clear distinction between the task of exchanging views and the task of formulating issues for decision by Governments.

12. There has not been a clear distinction, at least in the case of Yugoslavia, between agreeing on an appreciation of the *present* position and recommending *future* policy to be followed by the NATO Governments.

13. If it is thought desirable, in certain fields of foreign policy, to try to obtain an agreed policy among NATO Members, the recommended policy (i.e. the issue) should be clearly formulated and segregated for decision by Governments or, in some cases, for decision by the Council on behalf of the Governments. In the case of the Yugoslav discussions, the final result seems to be that we are one-quarter committed to an economic policy which has not been placed before the Canadian Cabinet and which, in fact, Canada has not been following. If it is desired to obtain an agreed NATO foreign policy on some point, all Governments should know clearly that this is the object of the exercise and should not imperceptibly slide from an exchange of views into a kind of vague agreement on future policy.

14. The main criticism of the procedure followed is that the "agreed minute" is not the best instrument for formulating an issue for decision by Governments.

Suggestions for Future Procedure in the Deputies

15. If there should be agreement with the criticisms listed under the previous heading, the following procedure might be considered as more satisfactory:

16. The discussion itself should not be restricted or limited. There is everything to be said in favour of frank discussion in the Deputies of political questions which may affect the Treaty. If any Deputy is in a position, in such a discussion, to recommend a policy on behalf of his Government, he should certainly do so.

17. The agreed minute should do two things:

(1) Set forth the agreed appreciation of the *present* position;

(2) Set forth what any named or unnamed Deputy or Government thinks the policy *should* be on any point.

18. The agreed minute should *not* be officially submitted to Governments in advance of its approval by the Deputies. It should be approved by the Deputies as an accurate record of the discussion and as nothing more and should then, of course, be sent to Governments for their information and consideration.

19. If, during the political discussion, or as a result of it, any Deputy thinks that an issue should be formulated for decision by Governments, or for consideration by the Council, he should formulate it in a resolution, and ample time should then be given to Governments to consider the resolution before it is adopted.

20. The High Commissioner in London might be asked to comment on this memorandum and on the substance of the procedural suggestions listed above. He could also be asked to give advice on the following question: If the Secretary of State for External Affairs would be in agreement with these suggestions, what would be the best method of bringing them before the Deputies?[34]

430. DEA/50030-AF-40

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

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

TELEGRAM 825 London, April 6, 1951

SECRET

Following for Heeney, Begins: Your telegram No. 491 of March 22† re possible presentation of Canadian views in the Deputies.

I had withheld a reply to your telegram under reference because it arrived during the recess of the Deputies and because in these last few days the Political Working Group has been preparing suggestions for future procedure in the Deputies in connection with the discussion of political questions.

2. As you indicate in your paragraph 1, the procedure has gradually grown up whereby on the initiative of the tripartite Deputies advance information has been circulated to the other NATO governments through the Deputies' machinery. In addition to the example you mention, Spofford recently circulated the text of the memorandum dealing with the changes in the Prohibited and Limited Industries agreement (Germany) a day or two before its publication. (We had, however, over a fortnight ago received a copy of the same document through the good offices of the Commonwealth Relations Office.) While advance information has occasionally been provided in this way, it has not in any sense amounted to practical consultation.

3. As I am aware, however, from experience in Moscow, the machinery for consultation on questions under discussion on a tripartite or quadripartite basis is not always satisfactory for the reasons which you mention in your paragraph 2. I also have in mind the postscript No. 2 at the end of the departmental memorandum of March 2, dealing with the Minister's comment on the three powers' decision on Berlin in which, despite the existence of the NATO machinery, the advance consultation was inadequate. It may be that the suggestion that the Deputies' machinery might provide a means of consultation in questions of this kind will prove to be a practical and useful one.

[34] Note marginale :/Marginal note:
I think the dangers of the present procedure are real ones — as indicated above — and that the suggested procedure is sound and should remove those dangers. L.B.P[earson].

4. In order to explore the question further, on a purely official level and to elicit the views of the other NATO officials here, our representative yesterday submitted to the Political Working Group charged with making suggestions about procedure for discussion of political questions, an informal outline setting forth the purposes of the discussion of political subjects in the following terms, Begins:

Under their terms of reference the Council Deputies are authorized to "exchange views on political matters of common interest within the scope of the treaty". The Deputies' discussion of political questions should serve the following main purposes:

(a) To provide a useful means of exchanging information and points of view on current political questions coming within the scope of matters of concern to the members of the NATO;

(b) Arising out of this exchange of information, to provide a summary of points on which there are common views and points on which views differ;

(c) To provide a useful channel for inter-governmental consultation on political questions of common concern. Such questions might either be proposed by agreement of the Deputies themselves, or might be taken up at the request of one or more of the N.A.T. governments. An example of the former type of consultation is the Deputies' recent discussions of conditions in Yugoslavia and the satellite states. An example of the second type is the recent request from the United States Government for an expression of views by the other N.A.T. governments with respect to United States assistance to Yugoslavia.

(d) To provide a means of consultation between the three major western powers, the United Kingdom, United States, and France, on the one hand, and the other NATO members on the other, on questions under discussion on a tripartite or quadripartite basis which are of concern to NATO as a whole. Thus these exchanges of information might gradually develop into consultation of a practical kind. Such a procedure does not preclude the use of other means for consultation and co-operation between any or all of the NATO members. Ends.

5. The Working Group readily accepted sections (a), (b) and (c) in the first part of the Canadian working paper, although none of the officials was able to express an opinion on paragraph (d), which, as you will see, contains the substance of your suggestion which we have put forward not as a government view, but as a suggestion on which we would welcome views.

6. In connection with procedure, on which the United Kingdom and Norwegian representatives have also submitted drafts, the consensus of view was that the procedure for discussion of political topics should be as flexible and simple as possible, and there was also agreement that as a general rule the discussions, contrary to the Norwegian suggestion, should seek to ensure the participation of all the Deputies on matters of common concern, although it was recognized that on occasions a presentation by a single deputy might be a useful method of tackling the subject.

7. The Working Group will continue its discussions to-day in the hope of producing an agreed paper for the Deputies. It has been our impression that while the United States and French representatives have been quite anxious to encourage these political discussions, which I believe most of the member countries have

found to be of value, the United Kingdom representative is somewhat less sanguine about their usefulness, and the Foreign Office would, on the whole, prefer to stick to the regular channels of consultation rather than to lean too heavily on the Deputies' machinery. My own view is that the discussion of political matters is a legitimate and useful part of the general functions of NATO, and that we should welcome and encourage an extension of the previous discussions in this field from an exchange of information to a more definitive means of consultation. This, however, is bound to be a gradual and empirical process.

431. DEA/50030-AF-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 916 London, April 17, 1951

TOP SECRET

Your telegram No. 592 of April 11† re procedure governing political discussions in the Deputies.

2. I have studied with interest Departmental memorandum on April 5 on this subject, and have also discussed the background more fully with Mr. [C.S.A.] Ritchie.

3. I fully share the view expressed in the memorandum that a clear distinction should be made between summary appreciations of the present position in a particular country or region on the one hand, and on the other, the formulation of proposals or recommendations requiring decision by governments or specification on their behalf by the Council (or Council Deputies). This procedure has been followed in connection with recent discussions of political matters, e.g., conditions in Balkan satellites and East Germany, which have been confined to preparing what are essentially appreciations of current conditions and developments.

4. In the discussion of conditions in the Balkan satellites the procedure followed here was as follows:

(1) Preliminary Deputies discussion on March 12;

(2) Preparation by Working Group of draft agreed minute (document D-D(51)80 of March 22);† and

(3) Further discussion in Deputies on April 11 (on basis of document D-D(51)80). This draft agreed minute, which is now before you, is divided into three parts:

(1) The general consensus of opinion expressed by Council Deputies on current military, political and economic conditions in the four countries;

(2) A statement of views expressed by the Italian Deputy on behalf of the Italian Government; and

(3) A list of points on which it was suggested that further consultation might take place in the Council Deputies, e.g., diplomatic representation, breaches of peace treaties, etc. This further consultation took place in the Deputies on April 11, following which the Working Group was requested to revise the draft agreed minute covering the views expressed on the questions contained in section 3 of document D-D(51)80.

5. Similarly, conditions in East Germany were discussed in the Deputies on March 19, and as a result of this discussion a draft agreed minute (document D-D(51)90 of April 5)† was prepared. This document summarizes the views expressed on current conditions in East Germany, and in its section 4 simply lists, without making any recommendations, a number of subjects on which information was incomplete and additional questions which might be discussed in the Deputies at a subsequent meeting. In neither of these cases does the draft agreed minute contain any specific proposals or recommendations.

6. I assume you agree that the case of the earlier consultation on Berlin security which took place in the Deputies, in which a specific resolution was placed before governments for consideration would fall well within the framework of the procedure outlined in paragraph 19 of the Department's memorandum.

7. The remaining question on which the memorandum is largely based arises out of the Deputies' earlier discussion of Yugoslavia. I agree that on its face the general statement contained in the draft agreed minute that "it was most desirable that the Western Powers should continue to give economic assistance to the Government of Yugoslavia to the best of their ability" contains an expression of opinion that for several governments, including the Canadian Government, goes beyond the present position. In future, I think that, as in the case of the more recent discussions, there should be a clear distinction between the appreciation of current conditions and expressions of opinion by one or several Deputies or Governments, and specific policy recommendations. But at the same time, as is pointed out in paragraph 6 of the memorandum, it has been agreed by the Deputies, and stressed on several occasions, that the agreed minutes do not in any sense constitute a commitment on governments.

8. At the meeting of the Deputies on April 11 I again raised this general question, and the Chairman agreed that it would be desirable to place on record once again the agreement which had been reached at previous meetings, namely, that the agreed minutes which were drawn up as a result of the Deputies' discussions merely represented a consensus of the views expressed, but did not involve any individual country in commitments. In this light my own interpretation of the specific point raised in the memorandum in connection with Yugoslavia is that the general statement referred to in paragraph 7 above does not in any sense commit the Canadian Government to taking specific action to give economic assistance to Yugoslavia.

9. As you will have seen from our previous messages, the question of the procedure to be followed in connection with the discussion of political topics in the Deputies has been receiving active study by the political working group, and you will already have received the Working Group's preliminary report on this subject (doc-

ument D-D(51)92 of April 9).† Paragraph 2 of this paper follows closely the paper which we put forward as indicated in my telegram No. 825 of April [6]. In the Working Group there was a general feeling that the specific reference (sub-paragraph (d) of my No. 825) to the United Kingdom, United States and France was inadvisable. The point which you had in mind in your telegram No. 491 of March 22† concerning consultation on matters under discussion on a tripartite or quadripartite basis is, however, provided for in paragraph 1(c) of the Working Group's paper of April 9. The Working Group also makes a clear distinction between reports of informal exchanges of view on the one hand and intergovernmental consultation which may give rise to recommendations to governments. Your early comments on the Working Group's paper which was prepared before receipt of your memorandum and which has not yet been considered by the Deputies would be most helpful.

10. One thought which has occurred to me is that we might abandon the use of the phrase "agreed minute", since it is slightly misleading. The document produced by the Working Group on the basis of the Deputies' discussions might simply be described as a "summary" or "summary report" of Deputies' discussions.

11. There are two main points on which I would suggest modifications in the views set forth in the Department's memorandum. First, with regard to the view expressed in paragraph 18 to the effect that the "agreed minute" (or what might in future be called a "summary report"), should not be officially submitted to Governments in advance of its approval by the Deputies, I assume however that such agreed minutes should be communicated to you since as a result of the Working Group's drafting efforts, points may arise additional to those already covered in the Deputies' preliminary discussion on which further background information or expressions of view on behalf of individual governments will be required. I therefore think that a reference to governments of the summary at the discretion of the Deputies will operate to place the individual Deputies in a better position to discuss such additional points with the necessary background. I do not feel that such a submission to governments of the agreed minute or summary implies any commitment.

12. Second, there is a question when policy matters are raised whether it is appropriate to proceed at all times by means of resolution. As a result of discussion of political questions in the Deputies it may be necessary to place proposals before governments from time to time, although the subject matter might not warrant these being framed in the form of a formal resolution. Possibly two types of proposals for further action might develop, (1) Recommendations on questions of lesser importance, and (2) Resolutions on questions of major importance.

13. The report of the political Working Group (D-D(51)92 of April 9) is to be considered at tomorrow's Deputies' meeting, but I do not expect that any final action will be taken. Your early comments, therefore, on this paper would be welcomed.

432. DEA/50030-AF-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 939 London, April 19, 1951

SECRET

My telegram No. 916 of April 17 re political discussions in the Deputies.

With reference to NATO Document D-D(51)92, it had been our impression that the working paper was still in draft, and would be considered at a further meeting of the Working Group before going to the Deputies. It was, however, placed on the agenda for yesterday. Part 3 of the document was in large part the handiwork of the Italian chairman of the Working Group on the basis of a French text, and certain of the ambiguities at any rate arose from the difficulties of translation.

2. After discussion with Ritchie, and bearing in mind the observations set forth in the departmental memorandum, I took the opportunity of indicating that in our view the opportunities for exchanging views and consultation afforded by the forum of the Council Deputies were useful, and that we should like to see these discussions continue on a regular basis. While welcoming the opportunity for comparing the thinking in our respective Foreign Offices on current political questions, I pointed out that it was important that such discussions should proceed, as far as possible, on an informal basis, and that the results of these discussions should not be interpreted in any sense as a commitment on governments. In this light I suggested that part 3 of the working paper required clarification in order to make clear the distinction between exchanges and consultation on the one hand, and proposals to governments which might occasionally arise out of such exchanges of views and which should be separated from the reports of these discussions and placed before governments for consideration in the form of resolutions from the Council Deputies.

3. I also indicated that the phrase hitherto used of "agreed minute" might be slightly misleading, and suggested that the paper produced by the Working Group on the basis of the Deputies' discussion might more accurately be described as a "summary report".

4. In order to clarify these points further, I submitted the following re-draft of part 3 for the consideration of the Deputies and for reference to the Political Working Group, Begins:

The Working Group suggests that the following procedure be pursued in the exchanges of views and consultation on political questions in the Council Deputies:

(a) Selection by Deputies of subjects for discussion;

(b) Where necessary, preparation by Political Working Group on basis of Deputies' selection of a brief working paper setting forth particular points on which

Deputies' discussion might focus. Such a working paper should help to provide a framework for discussion;

(c) While preparation of this preliminary working paper should normally be entrusted to the Working Group, in appropriate cases, however, the Council Deputies might direct one or several delegations, or one of the special assistants to the chairman, to undertake this task;

(d) After a convenient lapse of time to enable Deputies to receive instructions, discussion of the subject by the Council Deputies;

(e) Preparation of a *summary report* of the Deputies' discussion. This task should normally fall to the Working Group, which should work on the basis of the draft minutes prepared by the secretariat or by one of the "special assistants". In the preparation of this summary report the Working Group should confine itself to summarizing the exchanges of information showing points on which common views exist, and those on which views differ;

(f) Further discussion where necessary, and approval by the Deputies of the summary report. It is understood that the summary report when approved by Deputies does not imply any commitments for governments.

If, as a result of these exchanges of views and consultation, the Deputies should desire to formulate questions for decisions by governments, they should proceed by resolution of the Council Deputies for submission to governments. Ends.

5. In the brief discussion which followed, the Danish, Italian and Portuguese Deputies at once said that they could concur in our re-draft of part 3. The United Kingdom Acting Deputy said that he, too, was in general agreement, and had had it in mind to suggest that the Deputies' discussion should not be over-formalized and raised the question whether it might not be sufficient as an alternative to producing an "agreed minute" or "summary report" to simply include a record of the Deputies' discussion in the regular minutes.

6. The Netherlands Deputy stressed the importance of exchanging information and maintaining an adequate record of the views exchanged, and said that he thought that the last sentence in part (e) of our re-draft was perhaps the central point.

7. Spofford again emphasized that it had been stated and re-stated that the discussions of the Deputies of political matters did not in any sense imply commitments for governments, and indicated that in addition to straight-forward exchanges of information (which could be exchanged by memorandum) the actual participation and exchange of information by the Deputies round the table served a useful purpose. In his view the discussion should embrace not only the interchange of factual information but should also serve to bring out the viewpoints and attitudes of the governments represented on the questions under discussion.

8. This view was shared by the Netherlands Deputy who pointed out that governments had not only to read reports but to act, and that it would be of continuing interest to have an expression of the views of individual governments on specific problems coming before them.

9. At the conclusion of this brief discussion, and before reference of our proposed revision of part 3 to the Working Group which meets again today, I expressed agreement with the view that those Deputies who may be in a position to express the points of view of their respective governments on particular questions should do so, and pointed out that the last paragraph of our proposed revision might provide for a separate formulation of questions arising out of our discussions which might require consideration by governments.

10. The preliminary reaction to our proposed revision was quite satisfactory, and I think that it goes a considerable way towards eliminating the difficulties referred to in your telegram No. 636 of April 16.†

433. DEA/50030-AF-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 681 Ottawa, April 21, 1951

SECRET

Your telegrams 916 of April 17 and 939 of April 19 re procedure for political discussions in the Deputies.
Following from Acting Under-Secretary, Begins: We are pleased to see that there is no difference of opinion between Canada House and this Department on the problems discussed in our memorandum of April 5.

2. The observations in paras. 3 and 7 of your telegram No. 916, coupled with the revision of the procedural paper quoted in para. 4 of your telegram No. 939, meet all our points.

3. With reference to para. 11 of your telegram No. 916, the fact that your draft of the procedural paper does not (not) require Governments to consider the draft "agreed minute" prior to its approval by the Deputies does not (not) mean that an individual Deputy should not send such drafts to his Government. He probably should in most cases, but that will be a matter between him and his Government and will not be a formal part of the record so far as the Deputies as a group are concerned.

4. I agree that "summary report" is preferable to "agreed minute".

5. With reference to paragraph 12 of your telegram No. 916 I agree that there may be cases in which a formal resolution may *not* be the best method of placing a proposal before governments. At times it may be sufficient to say in the Summary Record of a Deputies meeting that governments are invited to consider a suggestion. Alternatively, some other means, such as a "recommendation" may be considered more appropriate than a formal resolution. If the Working Group or the Deputies think that the last paragraph of your revised draft is too categorical, we would not object to some modification, so long as it is clear that any proposals

intended to lead to governmental decisions are identified as such and are handled in a different manner from the views and suggestions contained in the Summary Report.

434. DEA/50030-A-40

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 1068 London, April 30, 1951

SECRET

Council Deputies, 30 April. My telegram No. 1007 of April 24.† Council Deputies to-day approved document D-D(51)92 of April 9,† setting forth procedure for political discussion in the Deputies.

2. With regard to last paragraph of the document I took the opportunity of explaining, on the lines of paragraph 5 of your telegram No. 1681, that the minutes of our meeting to-day might include a brief reference to the fact that the suggestion that the Deputies proceed by way of resolution in placing matters before governments for consideration should not be taken to exclude the use of less formal means of bringing any proposals which might be made to the attention of governments. It was generally agreed, without making any modification in the language of the Working Group paper, that the final paragraph should be understood in this light.

...

4e PARTIE/PART 4
RÉORGANISATION
REORGANIZATION

435. DEA/50030-A-40

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 99-51 Ottawa, April 11, 1951

SECRET

NATO REORGANIZATION

DRAFT TERMS OF REFERENCE OF THE COUNCIL AND COUNCIL DEPUTIES

At its meeting on October 25, 1950, Cabinet agreed to the proposal of the Minister of National Defence that at the forthcoming meeting of the North Atlantic Defence Committee in Washington he should, among other things, seek to simplify the structure of the North Atlantic Treaty Organization. A memorandum, drafted in the Department of External Affairs, was subsequently circulated among the Council Deputies in London. The objectives of the Canadian proposals for streamlining and simplifying the top structure of NATO met with a warm response from most Governments, and at the meeting of the North Atlantic Council in Brussels on December 19, a resolution was passed supporting the idea in principle and asking the Deputies to formulate specific recommendations or take appropriate action as speedily as possible. This development was noted with approval by Cabinet when discussing the report of the Minister of National Defence on December 21, 1950.

Since that time, the Deputies have been discussing a series of draft recommendations which have recently narrowed down to recommendations for revising the terms of reference of the Council and Council Deputies only; the reorganization of the military structure of NATO and of the agencies concerned with production, finance, economic, and information activities are being held in abeyance for the time being; to wait until all details of the related and subordinate organizations under the Treaty have been worked out would delay acceptance of the central proposals for the Council and Council Deputies and once the top structure has been agreed, the terms of reference for the related agencies can more readily be adopted.

During the past few days, the Deputies have reached almost complete agreement on a draft text contained in Document D-D(51)86 (Revise),† attached. Final agreement among the Deputies is expected to be reached within the next day or two. (The Deputies have already decided that they prefer the U.S. draft text of paragraph 4, given in the Document). By Monday, April 16, the Deputies hope to be in a

position to approve of the Document on behalf of their Governments.[35] This will obviate the necessity for waiting for the next meeting of the Council and would give the seal of approval forthwith to plans which have already been fully and carefully discussed over a period of several months, in consultation with the Ministers principally concerned.

To quote from the memorandum explaining the Canadian proposals to the other Deputies,

"The Canadian approach to the problem is based on two assumptions:

(a) That there is a general recognition by member governments that the increased responsibilities of the NATO now makes necessary some degree of reorganization, and that it is timely to examine the problem as a whole;

(b) That any changes in the organization that may be necessary or advisable should be made without alteration of the Treaty, that is by appropriate revision of the "by-laws" of the NATO rather than by amendment to its "constitution". (In the Canadian view, this can be accomplished by revising previous decisions of the Council and the Defence Committee).

"Under the present structure, with three separate Committees of Ministers, a problem of coordination arises and this problem is difficult to resolve simply through the Council Deputies. Moreover, quick action is often impeded because if a meeting of a Ministerial Committee is pending Governments may tend to defer approval of proposals under consideration in the Council Deputies. With the accelerated transformation from the period of planning to the period of action, it is desirable to limit the number of Treaty bodies which meet periodically. The changed circumstances dictate that all the subsidiary bodies of the organization should be on a continuing basis, with only the North Atlantic Council meeting periodically to review progress and work of the subsidiary bodies and to make decisions on higher and general policy."

The draft terms of reference have been submitted by the Deputies for approval by governments. If approved, the terms of reference will mean the acceptance of the central features of the Canadian proposals. After referring to the basic NATO documents establishing the original terms of reference for the Council and Council Deputies, the document proceeds to outline consolidated terms of reference for the Council, as a Council representing *Governments*, and for the Deputies acting continuously on behalf of the Council when the Council is not in session. Under the proposed terms of reference, neither the Council nor their Deputies shall have authority to take decisions which shall bind Governments except on the express authority of Governments; their primary function is, as before, to make recommendations to Governments. But the anomaly of having three separate Ministerial committees comprising the top structure of NATO would have been eliminated by their incorporation into one Council, and a sound constitutional basis for co-operation between civil and military sides of the organization would have been established.

The operative paragraphs in the attached document are paragraph 4 dealing with the Council and paragraphs 10 and 11 dealing with the Deputies.

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[35] Voir/See *FRUS*, 1951, Volume III, pp. 142*n*.2, 150*n*.3, 156-59.

While the Government might have preferred to have seen proposals covering the reorganization of NATO as a whole, including the military, economic, financial, and information agencies under the Treaty, I think that with the acceptance of the central features of the Canadian proposals for the Council and Council Deputies, a major improvement will have been effected which will help to speed up and co-ordinate effective action for building up our common strength under the Treaty. I therefore recommend that Mr. Wilgress should be authorized by the Government to agree to the terms of reference for the Council and Council Deputies in accordance with Document D-D(51)86 (Revise).[36]

5e PARTIE/PART 5

BUDGET ET INFRASTRUCTURE
BUDGET AND INFRASTRUCTURE

436. PCO

Note du ministère des Finances pour le Comité du Cabinet sur la défense

Memorandum from Department of Finance to Cabinet Defence Committee

CABINET DOCUMENT D-281 [Ottawa], April 16, 1951

SECRET

FINANCING OF NORTH ATLANTIC TREATY

1. The North Atlantic Treaty Organization has involved the creation of several civilian and military agencies. As a member, Canada has been requested to participate financially in the formation and upkeep of these agencies. Apart from the Council, for which no staff is required and hence no expenses involved, the agencies or arms of NATO are the following:

NATO Civilian Bodies

(a) *Council Deputies.* This group maintains a small staff and Secretariat.

(b) *Defence Production Board.* There will be some staff expenses in connection with this agency for which a separate Secretariat is contemplated.

(c) *Financial and Economic Board.* This agency is in the process of formation. It is too early to forecast the size and cost of the Secretariat which will service it.

(d) *Standing Group.* The three countries — the United States, United Kingdom and France — which make up this group, carry its full expenses.

NATO Military Bodies

[36] Approuvé par le Cabinet, le 13 avril 1951/Approved by Cabinet, April 13, 1951.

(e) *Eisenhower's Supreme Headquarters (SHAPE) and its Subordinate Regional Commands.* There will be substantial running and capital costs involved in the organization of these Commands. Preliminary plans contemplate three Subordinate Commands — (i) Central, (ii) North, and (iii) South European, as well as Eisenhower's Supreme Headquarters (see Appendix "A" for diagram of SHAPE Command structure).†

(f) *SACLANT (Headquarters Supreme Atlantic Command).* This Command is in the process of formation. Budgetary requirements should be considerably lower than SHAPE.

(g) *Other Supreme Commands.* The only other Supreme Command under consideration at the moment is the Mediterranean Command, which has not yet been formed. Budgetary requirements for this Command are still uncertain but they will probably be much the same as for SACLANT.

(h) *Infrastructure.* Capital and running costs of the civilian and military bodies will be small in relation to the more important item of "infrastructure" which (under the current military conception) covers "the static items of expenditure which are required to provide the material backing for operational plans necessary to enable the Higher Command to function and the various forces to operate with efficiency". In this sense infrastructure includes such installations as communication facilities, railways, military airfields, barracks, etc. (See Appendix "B" for wider definition).†

FINANCIAL PROBLEMS

2. The creation of this extensive and complex structure has raised difficult problems of financing. In the early stages, essential funds were provided on the rough principle of "let the costs fall where they lie". However, as preparations have proceeded and costs grown, questions of a basis for sharing financial responsibility have arisen. These have involved protracted negotiations in which the Canadian representative has participated within the framework of general guidance provided by the Defence Panel from Ottawa. However, these negotiations have now reached a stage where important financial commitments may be involved. Therefore, it is necessary to obtain Cabinet approval of appropriate future policies.

GENERAL PRINCIPLES

3. It has been decided that because of differences in the nature of expenditures and their overall magnitude, there should be separate budgets for the civilian bodies of NATO and for military expenditures. It has also been recognized that different principles may be involved in financing current administrative expenditures (commonly called "running costs") of these organizations and the capital expenditures (involved in the creation of lasting assets). In general, discussion of each of these questions has proceeded separately, though their basic inter-dependence is generally recognized.

4. The following is a brief outline of:

(a) the estimated magnitude of each of these types of expenditure;

(b) the attitude taken by the Canadian representative and others in discussions to date; and

(c) recommendations for future policies.

RUNNING COSTS

NATO Civilian Bodies

5. At this stage it is difficult to provide accurate estimates of probable annual running costs. However, rough preliminary estimates indicate that expenditures will run at the annual rate of $2,500,000 (including an estimate of $1 million for the Defence Production Board).

6. It has been generally agreed that these expenditures are a common responsibility and should be shared by all NATO members. A number of formulae for sharing of costs have been suggested, but discussion has finally narrowed down to consideration of scales based on:

(a) a direct comparison of relative national incomes. On this basis the United States would pay almost 70%; the United Kingdom about 12.4%; Canada 3.6%;

(b) a national income comparison with a ceiling on the United States contribution. A ceiling of 45% on the United States would entail a Canadian contribution of almost 7%;

(c) a formula under which the United States and other members of the Standing Group are "grouped" so as to pay the same contribution (22 1/2%). Other member states would share on a graduated scale. In this scale Canada would pay 8%.

7. Although the Canadian representative favoured the straight national income approach as the closest approximation to the relative "capacity to pay" of the various NATO members, it was necessary to bow to insistence of the United States (supported by the United Kingdom and France) that the adoption of the "grouping" formula for sharing administrative expenditures would be particularly advantageous for the maintenance of good relations with the United States Congress. Although acceptance of the "grouping" formula will not make much difference in cost to Canada in respect of civilian costs, this may well establish a precedent for the much more burdensome military phases of NATO activities.

8. *It is recommended that Canada be authorized to share in the civilian costs of NATO on the basis of the "grouping" formula (referred to in paragraph 6(c) above).*

9. In order to finance these activities pending the annual receipt of members' contributions, it has been suggested that a Working Capital ("revolving") Fund should be established. Member states would make advances to this Fund on the basis of the agreed scale. The size of the Fund has not yet been determined, but it is agreed that it should be established at a level appropriate to the anticipated annual rate of civilian expenditures. A starting figure of between $1 million and £400,000 has been mentioned (to which Canada's contribution on the basis of an 8% share would be between $80,000 and $100,000). The advances made by member states would be carried to their credit.

10. *It is recommended that Canada be authorized to make advances to a Working Capital Fund of reasonable size; these advances to be in the same proportion as the regular annual contributions.*

SHAPE

11. The running costs of SHAPE (excluding the costs of military personnel which would continue to be financed by national defence budgets) for the first annual financial period are estimated to be $3 million. These amounts will presumably increase considerably as the military installations and forces under General Eisenhower's command grow.

12. It has been generally agreed that all NATO members should contribute to the running costs of SHAPE. The detailed discussions of a cost-sharing formula have closely paralleled those for NATO civilian bodies. The Canadian representative has favoured a formula based on a comparison of national incomes (with a ceiling on the United States) as the most equitable principle for sharing these amounts. However, the United States, with some outside support, has continued to press strongly for a "grouping" formula.

13. To date no decisions have been reached on the scale to be applied.

14. *It is recommended that the Canadian representative continue to favour the adoption of a scale based on a comparison of national incomes (with a ceiling of between 40% and 50% on the United States). However, if necessary to secure general agreement, he should be authorized to agree to a scale based on a grouping formula provided that the Canadian contribution does not exceed 8%.*

15. *He should also be authorized to indicate that Canada would be willing to participate in provision of interim advances (based on this scale) if funds are required to finance the programme pending the receipt of regular contributions.*

Other Supreme Commands

16. As indicated in paragraphs 1(f) and 1(g) above, it is not yet possible to forecast the probable annual running costs of these Commands.

17. *It is recommended that the same principles that are adopted for SHAPE should be applied to the financing of the Atlantic Sea Command and other Supreme Commands (e.g. Mediterranean Command).*

Subordinate Commands

18. Very rough and preliminary estimates indicate an annual rate of expenditure of some $3 million for the running expenses of the Subordinate Command Headquarters.

19. As in the case of the Supreme Commands, it has been contended that all NATO members should contribute to the running costs of these Subordinate Commands as an integral part of the common defence structure. There have, however, been suggestions that in sharing these costs special weight should be given to the greater strategic interest of the countries in the geographic area in which the Subordinate Command is located.

20. Any attempt to assess members on the basis of geographic location and strategic interest would undoubtedly require intricate and complicated financial computations. Furthermore, it is more than likely that the amounts member states would save by reduced contributions to some Commands would, on balance, be more than offset by increases in others.

21. *It is therefore recommended that all countries should contribute to the running costs of all Subordinate Commands on the basis of the agreed cost-sharing formula (referred to in paragraph 14 above), and that, if necessary, interim advances be provided to finance these activities pending agreement on an payment of regular annual contributions.*

CAPITAL COSTS

Magnitude of the Problem

(a) *SHAPE*

22. It is estimated that the capital requirements for the first financial period will be:

	Millions of francs	Approximate Canadian Equivalent
New constructions, furniture	745	$2,235,000
Equipment, etc.	121	363,000
Communications	573.5	1,720,000
Underground accommodation	573.5	1,720,000
Total approximately	2,000	$6,038,000

23. These are now being financed by advances of 350 million francs each from the United States and France. Other governments have also been requested to make interim advances.

(b) *Other Commands*

24. No estimates are as yet available for the Atlantic Sea Command, other Supreme Commands or the Subordinate Commands owing to the preliminary state of organization.

25. Expenditures to date have been negligible and have been financed nationally.

(c) *Infrastructure*

26. In 1950, under the Brussels Treaty, the sum of £33 million was allocated for infrastructure projects which were to be completed in 1951 (and in some cases 1952). These projects (known as the first slice of the infrastructure programme) were recognized by the Standing Group as part of approved NATO plans.

27. On March 20th, 1951, the Principal Staff Officers Committee submitted a further list of projects as a "second slice" of the infrastructure programme. These projects were submitted "as a matter of urgency ... in order to ensure that operational planning keeps pace with the progressive development of forces".

28. The estimated funds required for these projects are summarized as follows:

Projects	Total Funds for Expenditures in 1951 and 1952	Approximate dollar Equivalent
Headquarters	£1,446,500	
Air Forces	50,902,450	
Communications	54,282,630	
Administration	6,078,200	
Total second slice	£112,709,780	Approx. $330 million

29. Of these amounts, it is reported that £67,784,300 (approximately $200 million) is required as a matter of urgency for projects which must be completed or started in 1951. It is also reported that £44,925,480 (approximately $130 million) is required for projects to be completed or worked on in 1952.

30. In order that work on the most urgent projects might be started without delay, the Chiefs of Staff undertook "individually to approach national governments with a view to the immediate provision of funds so that work may be begun; such provision of funds being subject to adjustment when the allocation of costs has been determined". They also recommended "strongly" that "since negotiations for the eventual sharing of costs may take some time, the Standing Group should ask the appropriate NATO agency also to press the governments concerned to provide the necessary money for preliminary work immediately without prejudice to eventual financial arrangement; and if this approach is not fruitful, to seek some means whereby work on urgent projects may start without delay".

31. As a result, work has been proceeding on the projects under varying national financial arrangements.

PROPOSED POLICIES FOR SHARING OF CAPITAL COSTS (OTHER THAN INFRASTRUCTURE)

32. The various Commands form an integral part of the overall NATO defence structure, and it is generally agreed that there is a common responsibility for provision of the capital installations essential to their proper functioning.

33. However, by contrast with current ("running") expenditures where no lasting assets are created, the provision of certain capital installations, particularly buildings, may create assets of considerable current and future value to the economy in which they are located. It would therefore seem desirable to take this factor fully into account in arranging for financing of these installations.

34. In general, these installations can be grouped under the following categories:

(a) buildings and other installations which may have current or future value to the economy of the country or area in which they are located. Within this category, a further distinction might be made for installations specially built for the purpose and those transferred from other uses.

(b) installations like SHAPE Underground, which are primarily (or even exclusively) of military value and have no important alternative economic use.

35. There will, of course, be many cases in which a combination of both elements is present.

36. It would seem desirable to arrange for national financing of all installations in category (a). For example, the French Government might erect the building for SHAPE Headquarters and other NATO members might discharge their common responsibility by sharing an annual rental chargeable on the regular SHAPE budget. This rental might be computed on the basis of an agreed annual rate of depreciation or some other amortization principle which takes into account the expected life and value of the building.

37. Under this approach the capital cost would be converted to a current running cost, with the following important advantages:

(a) An automatic deterrent to construction of over-ambitious, costly and unwarranted installations would be provided.

(b) Since ultimate title would be vested in the national government concerned (rather than NATO), complex wind-up negotiations should not be necessary to establish the residual value of the buildings in the event of the termination of NATO activities.

38. Alternatively, if national financing imposes too heavy burdens on certain member states, the building might be financed by capital advances, from all or some NATO members. These advances could, in turn, be liquidated by annual rentals. This would maintain the safeguard referred to in (a) above, but negotiations for determination of compensation at wind-up would still be required.

39. For installations in category (b) with no lasting economic value, the above approaches would hardly be practicable.

40. Apart from the fact that costs of these special military installations might run high, imposing heavy burdens on individual states, it would be extremely difficult to arrive at an adequate, simple and workable rental formula which would be applicable to installations such as underground, telecommunications facilities, etc.

41. In these cases all member states might be expected to share in cost of providing this type of installation. This might involve direct sharing of costs or provision of capital advances to be amortized over a period of years. In either case member states might share on the basis of a cost-sharing formula.

42. *It is therefore recommended that the Canadian representative should seek the widest possible application of the rental principle. However, in cases where the rental principle is not applicable, he should be authorized to agree to common financing (either directly or through capital advances); member states to share on the basis of agreed cost-sharing formula.*

INFRASTRUCTURE

43. Although the distinction between capital costs of the various Command headquarters and other infrastructure installations is not readily evident, the amounts involved in infrastructure are so great as to seriously affect the extent and concept of the whole defence effort of each NATO member. Furthermore, once constructed, many of the installations, such as airfields, military roads, etc. become basic to the economy of the country or the area in which they are located. For these two main reasons, it is considered that the whole question of financing of infrastructure

should be dealt with separately and in proper relationship to the other defence expenditures of each country.

44. Discussions are now proceeding in London attempting to establish the real distinction between "capital cost" and "infrastructure". It has been reported that as a matter of convenience, or because of their relative urgency, some of the items required for the initial installation of various headquarters are being treated as "capital cost", although it is possible that these, ultimately, might be regarded as part of infrastructure.

45. It has been suggested that for the purpose of the first budget these "capital cost" elements might be treated as current "running" costs but that if any arrangement is worked out later for dealing with infrastructure, the capital costs might be extracted (possibly on a retroactive basis) and treated as infrastructure.

46. The Panel on the Economic Aspects of Defence Questions will consider this matter and submit recommendations.

437. 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], April 17, 1951

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III. FINANCING OF NORTH ATLANTIC TREATY ORGANIZATION

22. *The Minister of Finance* said that, in the light of discussions in the Panel on Economic Aspects of Defence Questions, his department had prepared detailed recommendations as to the scale of Canadian contributions to the maintenance of North Atlantic Treaty civilian and military organizations. If approved, the recommendations could serve as a basis for instructions to Canadian representatives on NATO bodies which were negotiating the question of contributions.

An explanatory memorandum had been circulated.

(Department of Finance memorandum, April 16, 1951 — Cabinet Document D281).

23. *The Secretary of State for External Affairs* referred to the recommendations to the effect that, with respect to the running expenses of SHAPE, other Supreme Commands and Subordinate Commands, Canada should continue to favour a scale of contributions based on a comparison of national incomes with a ceiling of 40 - 50% for the United States but that, if necessary, Canada should agree to a scale based on the "grouping formula" under which its contribution would not exceed 8%. He suggested that, if the grouping formula had to be accepted in order to secure agreement, such acceptance should be on the understanding that the Canadian Government would reserve the right to re-open the matter if the expenses in question rose substantially beyond present estimates.

24. *The Prime Minister* thought that the same revised formula should apply to capital costs of SHAPE, other Supreme Commands and Subordinate Commands (not including "infrastructure").

25. *Mr. Pearson* suggested that, as the High Commissioner in London had pointed out objections to the rental principle as a means of financing installations of value to the areas in which they were located, the recommendation on this question should be so amended that Canada would seek application of the rental principle only where feasible rather than the widest possible application of this principle.

26. *Mr. St-Laurent*, referring to the financing of "infrastructure", saw no objection to Canada agreeing in principle to common financing of installations of common interest on a basis to be decided upon after further negotiations. In any plan decided upon for common financing, however, Canada could not commit itself beyond a straight national income basis (not including any ceiling on U.S. contributions). It would be desirable for Canadian representatives on NATO bodies dealing with this question to refer to Canadian expenditures on "infrastructure-type" items in Canada, such as the NATO aircrew training plan.

27. *Mr. Deutsch* said that there would be budget committees to control NATO expenses on both the civilian and military sides and that the Council Deputies would in turn control both the civilian and military budgets. It would be desirable for Canada to press for a consolidated budget so that one annual contribution by member Governments would cover all NATO expenses.

28. *Mr. Pearson* thought it important that Canada take a very active part in the work of the budget committees in the interests of economy, and that it have really competent senior representation for this purpose.

29. *Mr. Abbott* thought that it would probably be more satisfactory if the Department of National Defence could provide a senior and experienced official familiar with the problems of Service finance and accounting.

30. *Mr. St-Laurent* considered that the Canadian position in the budget committees should not be so much to try to limit expenses for Canada in particular, as to ensure that the resources of NATO, which had limits, were used to the greatest possible advantage.

He suggested that NATO military costs should be charged to the budget of the Department of National Defence and civilian costs to the Department of External Affairs.

31. *The Committee*, after further discussion, agreed:

(1) to the recommendations of the Panel on Economic Aspects of Defence Questions (Cab. Doc. D281) regarding the position to be taken by Canadian representatives on bodies discussing the financing of NATO civilian and military expenses, on the understanding that:

(a) as regards running expenses of SHAPE, other Supreme Commands and Subordinate Commands, if the "grouping formula", rather than the straight national income formula, had to be accepted in order to obtain agreement, the government would reserve the right to re-open the matter if the expenses in question rose substantially beyond the scale presently estimated;

(b) as regards capital costs of SHAPE, other Supreme Commands and Subordinate Commands (other than "infrastructure"), Canada would seek application of the rental principle only where feasible; and, in cases where this was not feasible, if the "grouping formula" rather than the straight national income basis had to be accepted, the government would reserve the right to re-open the matter if the expenses in question rose substantially beyond the scale presently estimated;

(2) that, as regards "infrastructure", appropriate Canadian representatives should indicate agreement in principle to common financing of installations of common interest on a basis to be decided on after further study; indicate that, in any plan for common financing, Canada could not commit itself beyond the straight national income basis (not including a ceiling on U.S. contributions); and, on suitable occasions, make reference to Canada's expenditures on "infrastructure-type" items in Canada, such as the NATO aircrew training plan;

(3) that appropriate Canadian representatives should press for a consolidated NATO budget;

(4) that Canada should have competent senior representation on the NATO budget committees; the Departments of Finance and National Defence to examine the question of providing suitable representation; and

(5) that NATO military costs should be charged to the budget of the Department of National Defence and civilian costs to the Department of External Affairs.

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438. DEA/50030-AH-40

Note du Comité sur les aspects économiques des questions de la défense pour le Comité du Cabinet sur la défense

Memorandum from Panel on Economic Aspects of Defence Questions to Cabinet Defence Committee

CABINET DOCUMENT D-287 [Ottawa], June 12, 1951

SECRET

FINANCING OF AIRFIELD INFRASTRUCTURE

Definition of "Infrastructure"

1. The deployment of military effort under the North Atlantic Treaty requires the provision of infrastructure (see Appendix A† for wider definition of "infrastructure") which comprises airfields, communication facilities, barracks, and all the other static installations "necessary to enable the Higher Commands to function and the various forces to operate with efficiency". Suitable national facilities are available only to a limited extent to meet these needs and consideration has been given to various methods of financing the provision of the necessary further infrastructure.

Magnitude of the Problem

2. NATO military plans have not yet reached the stage where it is possible to make an accurate estimate of the total infrastructure required. However, it has been estimated that at least 120 combat and supporting airfields will be required to accommodate the 5,800 aircraft already nationally committed to SHAPE. (If the full Standing Group target of 9,212 frontline aircraft is reached, at least 177 airfields (this figure, which is based on 75 aircraft per field, would rise to 277 airfields if only 50 aircraft are based on each field) would be required.) Of the 120, perhaps 20 would be supporting type airfields.

3. Preliminary RCAF estimates suggest the cost of a combat airfield in Central Europe, including accommodation, radar and point-to-point communication, would be in the neighbourhood of $11.5 million (to Canadian standards) and the cost of a supporting airfield, i.e., advance landing ground, about $4.0 million. Taken together, these estimates suggest that an overall infrastructure burden of the order of $1.25 billion will ultimately be required to meet present national commitments for airfields alone (this figure rising to about $1.8 billion to meet the full Standing Group target of 177 airfields). These figures do not make provision for the air headquarters (64 would be required for the full target force), nor for the headquarters, communications or other facilities required for the ground forces.

4. To keep pace with the development of operational plans, provision of infrastructure to date has proceeded by "slices" (see Appendix B† for summary of the projects included in the first two infrastructure "slices"). The first "slice" involved provision of $100 million for priority projects to be completed mainly in 1951. The funds for this "slice" have been provided by Western Union countries. Although these countries have indicated that ultimately they expect these costs to be shared by other signatories, actual construction has not been impeded by any lack of funds. However, for the second "slice", covering $340 million of projects to be completed partly in 1951, but principally thereafter, the countries in which the installations are to be located (hereinafter called host countries) have indicated that they would find it difficult if not impossible to provide the necessary financing without outside help. In this "slice", airfields are considered of particular urgency.

5. General Eisenhower has stated that it is imperative that of the airfields proposed in the second "slice", fourteen for occupancy by forces already committed to Central Europe by the end of 1951 and an additional two advance landing grounds must be completed this year. Moreover, ten existing airfields must be extended in 1951 in order to accommodate F84 aircraft for use by United States and French forces. The cost of these sixteen new airfields and ten extensions makes up the amount of $56 million (£18.7 million) shown in Appendix C† as the urgent airfields item.

6. After considerable discussion in the Deputies, host governments have agreed to look after interim financing to the extent that it is needed over the next few weeks. Unless a suitable formula for common financing has been devised and put into execution by that time, further interim financing may be required.

Plans Proposed to Date

7. A number of methods have been suggested for financing infrastructure. However, in the Council Deputies and in a Special Committee set up by the Deputies to examine the problem discussion has mainly centred around proposals made by the United States and the United Kingdom.

(a) *United States Proposal*

8. The United States proposal, essentially one that requires payment by the user, is that costs should be shared as follows:

(i) The land and local utilities should be contributed free by the country in which the airfield is located.

(ii) The remaining construction costs and the costs of operational facilities meeting a common military standard to be defined by SHAPE should be covered by the countries which are contributing units to the Air Forces Central Europe and in proportion to the number of units so contributed.

(iii) The costs of troop accommodation and any operational or other facilities in excess of the minimum standard defined by SHAPE should be borne in respect of each airfield by the country to whose particular force the particular field is assigned for operational purposes.

The United States plan also envisages the host country paying much of the local labour costs involved. Exactly how this would be arranged has not been made clear.

(b) *Original United Kingdom Proposal*

9. Under the United Kingdom plan to cover all infrastructure the host countries would be expected to appropriate the necessary funds and proceed with construction subject to whatever method is adopted to share defence burdens. However, to the extent that host countries could not raise the necessary funds, these would be contributed by all NATO signatories on the basis of:

(i) The degree of common use of the installations.

(ii) The peacetime or residual value of the installations to the host country.

(iii) The capacity to pay of each member state using as a basis the criterion of adjusted national income.

10. In preliminary discussion of these proposals it became clear that the United States was unwilling to depart from the "user" principle. Among arguments used in support of their position they stated that United States service votes are available only for expenditures on United States forces (and could not, therefore be used under a "capacity to pay" arrangement). The United States has had some support from Italy and Portugal, and to a certain extent, from the Scandinavian countries. Opposing this view have been certain European countries who have expressed strong support for the United Kingdom or some other plan based on a "capacity to pay" formula. (For other proposals submitted during discussion see Appendix D.)†

11. In an attempt to secure agreement the United Kingdom, to deal only with the sixteen airfields and ten extensions, has now proposed a compromise plan, which in large measure, accepts the "user" principle.

(c) *United Kingdom Compromise*

12. The requirement for the sixteen new airfields mentioned in paragraph 5 (fourteen new airfields and two advance landing grounds) arose solely out of the additional contributions of aircraft offered subsequent to the outbreak of the Korean War by the United Kingdom, France, Belgium, the Netherlands and the United States. The fourteen new fields have in fact already been allotted to the above countries by the Western Region Planning Staff in rough proportion to these additional aircraft contributions based on the figure of 50 aircraft per airfield. The two advance landing grounds are expected to be used in common by the air forces of all countries operating under the C. in C. Allied Air Force Central Europe (AAFCE).

13. The compromise United Kingdom proposal is as follows:

(i) The total cost of constructing the fourteen airfields allocated to national forces including the cost of land should be distributed among the countries to which they have been allocated in proportion to the additional aircraft contributions which would produce the requirement.

(ii) The cost of the two advance landing grounds (including the cost of land) should be distributed in proportion to the adjusted national income (capacity to pay) of the seven countries contributing air forces to AAFCE.

(iii) The cost of the ten airfield extensions should be divided among those countries contributing F84 squadrons to fly from these airfields (the United States and France).

Assessment of Canada's Interests

14. At present Canada has agreed to provide to the integrated force 11 squadrons consisting of 203 aircraft commencing late in 1952 and to be completed by August 1953. To operate these 11 squadrons and provide the backing necessary for them to operate as an air division would require not less than four airfields for the squadrons and one for logistic purposes. This represents 3.4% of the front-line aircraft agreed to for the Air Forces, Central Europe. We would thus require 3.4% of the 120 airfields already noted. (See paragraph 3.)

15. The "user" proposal of the United States would require Canada to pay *NIL* towards the airfields under present discussion but ultimately the equivalent of the full cost, less land and local utilities, of 3.4% of the total number (120) to a minimum standard defined by SHAPE, plus any excess to meet our own standards. The "user" proposal of the United Kingdom would require Canada to pay nothing towards the 14 airfields and ten extensions under present discussion (since we will not be using them) and to share the cost of the two common-use fields (advance landing grounds) on the basis of capacity to pay. If adopted for future construction it would mean that Canada would pay the full cost of the number of fields she will ultimately require for her own use and to share the cost of any further common-use airfields on the basis of capacity to pay.

16. The straight capacity to pay proposal applied throughout would obligate Canada to share the cost of the 16 airfields under current discussion (see summary of costs paragraphs 19 and 20) as well as of all the rest of the fields making up the total of 120 or 170.

17. Both the United States and the United Kingdom compromise proposals if extended to cover all European airfields would seem to have certain advantages for us over the pure capacity to pay formula:

(a) It would not involve us in the financing of airfields in regions where we had no air units.

(b) For those regions where we might have only token forces (e.g. possibly the northern region) it would require a smaller financial contribution from us than would the capacity to pay formula applied only to the countries with forces in the particular region.

(c) It would give us on the whole a better knowledge of our own ultimate financial commitments.

(d) It would possibly give us greater administrative simplicity and better control over our own expenditures.

(e) Acceptance of the user proposal would be consistent with the principles followed in negotiations concerning United States installations in Canada.

(f) Application of the "user" formula to Army infrastructure on the basis of present planned contribution would probably be even more favourable to Canada.

18. There would appear to be two main disadvantages of the "user" formula:

(a) The greater the relative individual contribution to the integrated force, the higher the relative financial commitment for airfields.

(b) To some extent the user principle implies a weakening in the concept of common interest and contribution.

19. *Summary of Costs to Canada of 16 Airfields and 10 Extensions under Current Discussion*

(a) *United States Plan*

(i) Fourteen new airfields	— Nil
(ii) Ten extensions	— Nil
(iii) Two common-use fields	— Nil

(b) *United Kingdom (Compromise) Plan*

(i) Fourteen new airfields	— Nil
(ii) Ten extensions	— Nil
(iii) Two common-use fields	— $150,000

(c) *Straight Capacity to Pay Plan*

(i) Fourteen new airfields (ii) Ten extensions (iii) Two common-use fields	$2,310,000

20. *Estimate of Ultimate Cost Implications for Canada*

Assuming (This assumption is purely arbitrary; no estimate has been received from SHAPE.)

(1) SHAPE minimum standard for a combat airfield	— $9.0 million
(2) SHAPE minimum standard for a common-use supporting airfield	— $4.0 million
(3) Canadian standard for a combat airfield	— 11.5 million

(a) *United States Proposal*	
(i) 3.4% of 100 combat airfields at $9 m.	= $30.6 m.
(ii) 3.4% of 20 supporting airfields at $4 m.	= $ 2.72 m.
(iii) 4 airfields for exclusive Canadian use at $2.5 m. ($11.5 m. minus $9.0 m.)	= $10.0 m.
	$43.32 m.

(b) *United Kingdom (Compromise) Proposal*	
(i) 3.4% of 100 combat airfields at $9 m.	= $30.6 m.
(ii) 3.9% of 20 supporting airfields at $4 m.	= $ 3.12 m.
(iii) 4 airfields for exclusive Canadian use at $2.5 m. ($11.5 m. minus $9.0 m.)	= $10.0 m.
	$43.72 m.

(c) *Straight Capacity to Pay Plan*	
(i) 3.72% of 100 combat airfields at $9 m.	= $33.48 m.
(ii) 3.72% of 20 supporting airfields at $4 m.	= $ 2.98 m.
(iii) 4 airfields for exclusive Canadian use at $2.5 m. ($11.5 m. minus $9.0 m.)	= $10.0 m.
	$46.46 m.

Conclusions and Recommendations

21. It would appear that the advantages of the user principle outweigh the disadvantages and that Canada should therefore support it.

22. It would also appear more reasonable to favour the United Kingdom compromise than the United States plan because

(a) The former goes at least part of the way to meet European objections to the United States proposal without sacrificing the major advantages.

(b) By applying the capacity to pay formula to common-use airfields (i.e. advance landing grounds and rearward displacement fields) it preserves, even if only psychologically, the concept of common interest.

23. This would require, therefore, a current expenditure of about $150,000 representing our share (on the basis of capacity to pay) of the two common-use airfields divided among the seven countries contributing aircraft to the Central Region. If extended to future construction it would involve

(a) an undertaking that Canada would meet the full cost of airfields for exclusive Canadian use;

(b) acceptance of the capacity to pay formula applied to any further common-use airfields in regions where we are contributing air forces.

24. The inclusion of the cost of land under the United Kingdom compromise proposal appears unwarranted. While Canada might agree that the residual value of the airfields could be ignored, it seems unreasonable for the host countries which derive the most direct security benefits from the presence of the integrated force to make an actual charge for land which will ultimately revert to them, together with the installations.

439.

DEA/50030-AH-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 1008

Ottawa, June 15, 1951

SECRET

Our telegram No. 985 of June 12† — Financing of Priority Second Slice Airfield Infrastructure.

1. Cabinet Defence Committee met this morning to consider Cabinet Document No. D-287 being a memorandum to the Committee from the main Panel. This document is going forward to you in triplicate by today's air bag.

2. The attitude of the Committee was strongly favourable to the "user" principle generally. This principle was considered to be the more practical approach to the problem and in the view of the Committee would be politically more acceptable in Canada.

3. The Committee felt that the sort of gesture to the principle of common use which is implied by the United Kingdom compromise proposal was a desirable one; hence a preference was expressed for this over the straight user proposals put forward by the United States.

4. The Committee concluded that under ordinary circumstances and up to basic minimum standards a charge by host countries for the cost of land was unwarranted and it is felt that you should oppose this charge in the Deputies and elsewhere. However, the Committee recognized that there might be exceptional instances of airfields being constructed in areas of high economic value and in these cases, after close examination, we might be willing to retreat somewhat from the principle.

5. In reaching the above decisions it was made clear that you are not rigidly bound by them but that they are intended purely to give you general guidance and a point from which you may negotiate flexibly. Should it appear later on to be desirable for Canada to take a position further towards the United States plan or in moderate degree towards the capacity to pay principle, we expect on the basis of this morning's decisions to be able to give you suitable and prompt guidance.

440. DEA/50030-AH-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 D-305 [n.d.]

SECRET

SECOND SLICE INFRASTRUCTURE

The NATO Council Deputies have been engaged for a very considerable time in endeavouring to agree upon a formula to recommend for the sharing of infrastructure costs. It has not been possible to find a satisfactory formula and the need for proceeding with various construction and installations is urgent.

In default of any formula or principles, negotiations were undertaken during the recent NATO Council meetings at Ottawa with a view to sharing the cost of the second slice, representing airfields and telecommunications amounting to 79 million pounds, plus the cost of land. The Council Deputies, at Ottawa, agreed to recommend the following distribution of costs for the second slice on the understanding proposed by the Canadian Deputy that this sharing was without prejudice to any future divisions of cost of infrastructure.

United States	£ 38,000,000
France	£ 17,000,000
United Kingdom	£ 14,000,000
Canada	£ 3,500,000
Netherlands	£ 2,300,000
Belgium and Luxembourg	£ 4,200,000
	£79,000,000

It is recommended that Canada should contribute £3,500,000 towards the cost of the second slice of infrastructure, amounting to 79 million pounds, plus land.[37]

BROOKE CLAXTON

[37] Noté avec l'autorisation du Comité du Cabinet sur la défense, le 2 octobre 1951.
Noted with approval by Cabinet Defence Committee, October 2, 1951.

6e PARTIE/PART 6

STATUT LÉGAL DES FORCES ÉTRANGÈRES DANS L'ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
LEGAL STATUS OF NORTH ATLANTIC TREATY ORGANIZATION VISITING FORCES

441. DEA/10548-E-40

Rapport pour le Cabinet

Report to Cabinet

CABINET DOCUMENT NO. 83-51 [Ottawa], March 19, 1951

CONFIDENTIAL

DRAFT AGREEMENT ON STATUS OF NATO FORCES

As a result of Cabinet's decision of March 1, 1951, an Ad Hoc Committee representing the Departments of Justice, National Defence, External Affairs, Citizenship and Immigration, National Revenue and Finance and the Foreign Exchange Control Board, has met to consider a draft Agreement between the parties to the North Atlantic Treaty regarding the status of an armed force from one NATO power when that force is present within the territory of another NATO power. A summary of the Committee's recommendations appears in para. 13 of this report.

2. This draft Agreement, a copy of which is attached to this report as Annex A,† has been submitted to governments by the North Atlantic Council Deputies with a request that governments inform the Council Deputies by March 31, 1951, whether governments can, in general, accept the Agreement or wish to submit amendments to it. Following receipt of suggested changes, the draft will be revised in London and will probably be presented to governments for signature in May or June of this year.

3. The draft Agreement was drawn up to apply both in peace and in war, although its terms contemplate revision in the event of a major conflict.

4. The Committee is of the opinion that the draft Agreement deals satisfactorily with the following topics:

(1) Requirements for entry to and departure from a receiving state;

(2) Validity of vehicle driving permits of members of a force in the receiving state;

(3) Wearing of military uniforms;

(4) Carriage of arms;

(5) Provision by the receiving state of goods and services;

(6) Applicability of foreign exchange control regulations.

5. The Ad Hoc Committee is of the opinion that the following topics that are dealt with in the draft Agreement require careful consideration and in some cases amendment as set out hereunder:

(1) The jurisdiction of service courts in the receiving state (paragraph 6 of this report);

(2) The settlement of claims for damages arising out of the activities in the receiving state of forces of sending states (paragraph 7 of this report);

(3) Free entry privileges for goods and commodities (paragraph 8 of this report);

(4) Exemption from income and inheritance tax (paragraph 9 of this report);

(5) Final articles on signature and ratification of the Agreement (paragraph 10 of this report).

6. *Jurisdiction of Service Courts*

(a) Under Article VII of the draft Agreement, members of a force from a NAT country in Canada will be subject to Canadian criminal law and courts with certain exceptions. The only objectionable exception appears to be that the foreign courts-martial will virtually have exclusive jurisdiction over any member of their own force in respect of acts "done in the performance of official duty".

(b) (i) The main consideration against this exception is: it is a major departure from the principle that Canadian civil courts have jurisdiction over all offences in Canada. The only previous departure agreed to by the Canadian Government was in the case of United States service courts during the Second World War which had exclusive jurisdiction over United States forces in Canada.

(ii) The main considerations in favour of the exception are: The exception is in line with the generally understood principle of international law relating to visiting forces, held not only by the United States but also by most of the continental European countries. It is based on recognition of the principle that a visiting force should have full power to maintain internal discipline. The original draft proposed to the NATO Deputies by the United States went very much farther. Negotiations in London resulted in reduction to the present exception. Canada House states of Annex A: "Any amendments suggested which are likely to upset the whole balance of concessions may defeat their own purpose". It should be kept in mind that we are concerned not only with allied forces in Canada, but also with the needs of Canadians in the integrated force in Europe.

(c) *Recommendation*

The Committee recommends that Article VII be accepted by Canada in view of the reciprocal advantages which Canadian forces will obtain abroad, but that the North Atlantic Council Deputies be told that the Government of Canada desires to suggest amendments to the Article as set forth below:

(i) Article VII, paragraph 3(a)(ii) should be amended to read:

> "(ii) any act or omission done or omitted pursuant to an order issued by a military superior of that state and carried out according to the tenor thereof".

The effect of this amendment would be to give the primary right to exercise jurisdiction to the courts of the receiving state over any member of a force or civilian component who carried out his superior's order in an unlawful manner which results in injury or damage. Certain consequential amendments to other articles would be suggested at the same time.

(ii) The penalties imposed for some crimes in European countries are higher than those normally imposed in Canada. In order to protect Canadian servicemen against injustice, an amendment should be proposed in the following terms:

"In any case where a court of the receiving state exercises jurisdiction over a member of a force or a civilian component of a sending state, the court shall when passing sentence, take into account the penalty which would normally be imposed under the law of the sending state for a similar offence".

7. Settlement of Claims for Damage Arising out of the Activities of a Force from a Sending State

(a) The draft Agreement provides in Article VIII in effect that:

(i) The Contracting Parties to the Agreement waive all claims against each other in respect of damage to property owned by them and used by their service ministries, and in respect of injury to or death of service personnel;

(ii) Claims against a sending state in respect of acts done by members of a force or civilian component in the performance of their official duties will be dealt with by the receiving state in the same manner as that employed by the receiving state in respect to claims arising from the activities of its own armed forces; but no judgment will be enforceable against the individual member of the force concerned. The amount of the settlement or judgment will in the normal case be borne as to 75% by the sending state and as to 25% by the receiving state;

(iii) As regards tortious acts or omission not relating to the performance of official duties, the authorities of the sending state will normally stand behind the members of their own force or civilian component and arrange settlement of the claim on an *ex gratia* basis through the authorities of the receiving state, but the normal jurisdiction of the courts of the receiving state is not displaced;

(iv) Contractual and other claims not specifically dealt with above will be dealt with in the customary manner according to the laws of the receiving state.

(b) The provisions of the draft Agreement appear to provide a reasonable method of dealing with claims. On two points, however, the Committee is of the opinion that legislation in Canada will be necessary before the obligations under the Agreement can be fulfilled.

(i) In any dispute as to whether an act was done in the performance of official duty the draft Agreement provides that an arbitrator shall be appointed by the receiving state who shall determine the question and his determination shall be final and conclusive.

(ii) Where the Agreement provides that the receiving state shall settle or adjudicate claims against a sending state in respect of tortious acts done in the performance of official duties, it is provided that no proceedings for the enforcement of any judgment given against a member of a force or a civilian component shall be entertained in the courts of the receiving state. In effect, this means that a claimant in the receiving state is limited to a single means of relief: he must secure his indemnity from the sending state and not from the individual tortfeasor. Under existing Canadian law the injured party always has recourse against the individual where the claim against the Crown is unsuccessful.

(c) *Recommendation*

The Committee recommends that Article VIII of the draft Agreement dealing with claims for damages arising out of the presence of foreign forces in the receiving state be accepted on behalf of the Canadian Government.

8. *Customs and Excise Privileges*

(a) The draft Agreement provides in Articles XI, XII, and XIII for certain types of duty-free entry. The general rule laid down is that members of a force and of a civilian component as well as their dependents shall remain bound by the customs and excise laws of the receiving state. In respect of personal importation by members of a force or a civilian component, provision is made for free entry of (i) private motor vehicles imported temporarily for personal use, and (ii) personal effects and furniture imported at the time of first arrival. On the other hand, the "authorities of a force" are entitled to the free importation of the equipment of the force and of "reasonable quantities of provisions, supplies and other goods for the exclusive use of that force". In addition, where permitted, Articles so imported may be used by the members of a civilian component and by dependents of members of a force and of a civilian component.

(b) The Committee foresees two problems arising out of the arrangement:

(i) Where a "force" consists of a small number of foreign service personnel on detachment in Canada or on course at Canadian schools of instruction, it might produce administrative confusion and possibly abuse of privilege unless the scattered individuals were organized as a unit for the purposes of free-entry privileges. The Committee believes that an attempt should be made to specify more clearly in the draft Agreement the designation of the "authorities of a force" so that a single organization or individual will be responsible for certifying that the importer is entitled to free-entry privileges under and according to the Agreement.

(ii) Any scheme of free-entry privileges is likely to result in some of the duty-free commodities finding their way to the black markets of the receiving state. In certain continental European countries during and since the Second World War, this problem arose particularly in the case of cigarettes. A similar situation might well arise out of the draft Agreement under consideration if it were generally adopted by continental European countries. A partial answer to the problem might lie in the general adoption of a scheme whereby sending states would impose normal domestic duties and taxes on commodities shipped to their forces in receiving states, there to be granted entry free of the customs duties of the receiving state. This would tend to reduce the price differential between service-imported and local commodities which renders the black-market sale of the former so attractive, and broadens the distinction existing between civilian and military populations. The Committee believes however, that there are certain difficulties not met by such a scheme. Substantial differences might still exist in the price of the commodities to the members of different forces. Furthermore, the effect of an increase in price due to the imposition of normal excise taxes might be to lower the morale of the members of the forces concerned. It is

essential for the morale of the Canadian forces that, if such an arrangement is made, it apply to the forces of all NAT countries concerned.

(c) The draft Agreement also provides that members of a force or civilian component may at the time of first arrival in the receiving state import free of duty, for the term of their service, personal effects and furniture. The Committee, while not disposed to find any objection to this arrangement, agreed that the free-entry privilege might be more properly granted at the time of arrival of the dependents of the members of the force or civilian component.

(d) *Recommendation*

The Committee recommends that Articles XI, XII and XIII of the draft Agreement be accepted on behalf of the Government of Canada, but that the Canadian Deputy in London be authorized to request the North Atlantic Council Deputies:

(1) to provide for an exact definition of the term "authorities of a force" in Article XI;

(2) to consider a scheme to alleviate the demoralizing effects of black-market sale of duty-free commodities in receiving states by the imposition of normal domestic duties and taxes by sending states on shipments to forces in receiving states; and

(3) to amend Article XI by allowing personal effects and furniture to be imported free into receiving states upon the occasion of the first arrival of dependents as well as on the occasion of the first arrival of members of a force or of a civilian component.

9. *Exemptions from Taxation*

(a) Article X of the draft agreement provides both a specific and a general exemption from taxation in the receiving State for a member of a force or civilian component, who is in the receiving State solely as a consequence of his membership in the force. The specific exemption is for the salary and emoluments paid to him as a member by the sending State. The general exemption provides that the member shall not be considered to be resident or domiciled in the receiving State for tax purposes. This exemption applies to the taxation of income, gifts and successions. An exception to the general exemption is that a member is not free from tax "with respect to any profitable enterprise (other than his employment as a member) in which he may engage in the receiving State." Article X also exempts a member from taxation by the receiving State of any tangible movable property the presence of which in the receiving State is due solely to his temporary presence there.

The Committee agreed that these provisions were acceptable but that there did not appear to be any sufficient reason for excluding dependents from the benefits of the Article.

(b) *Recommendation*

The Committee recommends that Article X be accepted on behalf of the Canadian Government but that the Canadian Deputy be authorized to request the North Atlantic Council Deputies to consider extending the exemptions of Article X to the dependents of members of a force or of a civilian component.

10. *Final Articles Providing for Signature and Ratification of the Draft Agreement*

(a) The draft Agreement provides that the agreement shall be both signed and ratified by the contracting parties. No mention is made of reservations to the agreement. The Committee is of the opinion that delay and confusion might arise if signatory states were to make reservations to the application of the agreement at the time they ratified.

(b) *Recommendation*

The Committee recommends that Articles XIV to XIX inclusive, should be accepted on behalf of the Canadian Government, but that the Canadian Deputy in London be authorized to request the North Atlantic Council deputies to amend the agreement by including an Article in the following form:

"The contracting parties agree that any reservations to this agreement shall be made not later than the date of signature".

11. *Legislation to Implement Agreement*

(a) The Committee is of the opinion that the draft agreement would require legislation in order to authorize the execution of its terms in Canada as necessary. The legislation might conceivably take one of two forms:

(i) a general act authorizing the execution of the provisions of the agreement under regulations to be made by the Governor-in-Council;

(ii) a detailed act setting forth specifically the provisions of law necessary for fulfilment of the agreement in Canada.

In view of the existence in the draft agreement of provisions having a profound effect upon the administration of criminal law in Canada, the Committee is of the opinion that the second course is more appropriate.

(b) On the question of the power of Parliament to pass the legislation mentioned above, the Deputy Minister of Justice has provided the following opinion:

"I am further of opinion, subject to the comments made hereafter, that it is within the competence of Parliament to enact legislation to give effect to the terms of the proposed Agreement in Canada. Such legislation would be either

(a) a law dealing with 'defence' and falling, therefore, under s. 91(7) of the British North America Act, or

(b) a law dealing with Canada's relations with other countries and, therefore, a law not coming within the classes assigned to the provincial legislatures.

"Certain provisions in the proposed Agreement — Articles IV, VII, VIII, IX, X and XI — affect matters in relation to which the provincial legislatures ordinarily have legislative jurisdiction. It must, therefore, be recognized that the decision of the Privy Council in *The Labour Convention case*, (1937) A.C. 326, raises a doubt as to whether Parliament can carry out the obligations these Articles would impose on Canada. My view is, however, that the reasoning in that case has no application at least in a case such as this where the subject matter of the Treaty is defence."

(c) On the question of co-operation with provincial authorities the Deputy Minister of Justice said:

"I should also mention that, insofar as the proposed Agreement provides for administrative co-operation in Canada — e.g., Article VII — the Government of Canada has, of course, no administrative control over provincial or municipal authorities. It should, therefore, be borne in mind that, if the proposed Agreement is to be construed as contemplating co-operation by provincial or municipal authorities, this will probably have to be achieved, as a practical matter, by arrangement with the provincial governments."

The Committee is of the opinion that any consultation with the provincial authorities should take place after the Agreement is signed.

GENERAL REMARKS AND RECOMMENDATIONS

12. The draft Agreement is the product of the work of representatives of twelve countries with differing legal systems. It is necessarily a compromise document, and no one country can hope to mould the agreement completely according to its own desires. The conclusion of such an agreement is essential for the protection of the Canadian members of the NATO integrated force in Europe. Suggestions for changes in the agreement must, in order to be considered in London, be submitted before March 31.

13. The Committee Recommends:

(1) that the NATO Deputies be informed that the Canadian Government is favourable to the draft agreement as a whole;

(2) that the Canadian Deputy be instructed to try to obtain the amendments suggested in this report;

(3) that the revised draft Agreement be resubmitted to Cabinet prior to signature.

Respectfully submitted,
R.A. MACKAY
Department of External Affairs,
and
W.J. LAWSON, BRIGADIER
Judge Advocate General,
Joint Chairmen.
E.R. RETTIE
Department of External Affairs,
Secretary.

442.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 21, 1951

...

AGREEMENT REGARDING STATUS OF VISITING NORTH ATLANTIC TREATY FORCES

34. *The Minister of National Defence*, referring to discussion at the meeting on March 1st, 1951, said that an ad hoc interdepartmental committee had now made a report on the draft submitted by the North Atlantic Council Deputies on an agreement between North Atlantic Treaty governments regarding the status of armed forces and associated civilians of one NATO country in the territory of another. The Deputies had requested an indication by March 31st as to whether, in general, the text was acceptable, together with any necessary comments.

The committee had suggested that the draft was generally satisfactory. It was considered, however, that certain Articles required careful consideration by Cabinet and certain amendments were proposed. The Articles in question were those relating to the jurisdiction of visiting service courts in host states; the settlement of claims for damages by visiting forces; customs and excise privileges; taxation privileges; and signature and ratification.

An explanatory memorandum had been circulated.

(Ad hoc Committee report, March 19, 1951 — Cab. Doc. 83-51)

35. *Mr. Claxton* pointed out that, as the agreement would not come into effect for several months, it was not expected that enabling legislation would have to be introduced during the current session of Parliament.

Cabinet Defence Committee, which had considered the matter on March 20th, was of the opinion that current arrangements relating to the status of United States forces in Canada, including the proposed agreement regarding U.S. forces in Newfoundland, should be retained when the NATO agreement went into effect.

36. *The Prime Minister* thought that, in view of the importance of Canadian courts-martial in Europe having adequate rights of jurisdiction, it would be desirable to accept Article VII of the agreement, subject to the amendments proposed by the ad hoc committee.

As regards Article XI, since, during the war, Canadian forces in Europe had received cigarettes without payment of Canadian excise taxes, it appeared preferable not to adopt the suggestion of the ad hoc committee that, in order to alleviate the black market problem, states impose their domestic duties and taxes on commodities shipped to their forces in host countries. So that there might be no risk of criticism from the provinces, they should be consulted prior to signature of the agreement regarding the provision under which service vehicles would be exempt from any tax payable in respect of the use of vehicles on the roads. This could be done with an indication that the federal government, nevertheless, reserved its position on matters of defence.

37. *The Cabinet*, after further discussion, noted the report of the Minister of National Defence regarding the recommendations of the ad hoc interdepartmental committee which had studied the draft agreement concerning the status of visiting armed forces and associated civilians of North Atlantic Treaty countries and agreed that:

(a) the present text of the draft agreement was acceptable, subject to the amendments proposed by the ad hoc committee, except that relating to the imposition by states of domestic duties and taxes on shipments to their forces in host countries; the North Atlantic Council Deputies to be informed accordingly;

(b) prior to signature of the agreement, the provinces should be consulted regarding the provision, in the agreement, exempting service vehicles from taxes payable in respect of the use of vehicles on the roads; and,

(c) as proposed by Cabinet Defence Committee, signature of the agreement should be without prejudice to current arrangements relating to the status of United States forces in Canada, including the proposed agreement regarding such forces in Newfoundland.

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443.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], April 23 and May 7, 1951

...

LEGAL

Status of NATO Armed Forces

32. *Mr. Burbridge.* The Working Group of the Council Deputies in London has commenced redrafting the Agreement on the status of NATO Forces as a result of comments on the original draft by various governments. These comments indicate that no government is disposed to suggest radical changes in the outline of the Agreement, but because of the more or less novel ideas in the Agreement it is expected that the relatively minor amendments proposed by governments will require careful consideration. No indication has yet been received of when the redrafting by the Working Group will be completed. (CONFIDENTIAL)

...

LEGAL

Status of NATO Armed Forces

(cf. Heads of Division Meeting, No. 16, of April 23, 1951).

29. *Mr. Burbridge.* The Working Group in London last week concluded its redrafting of the proposed agreement on the status of the NATO Armed Forces. It is understood that the Group's final report was to be sent to the Council Deputies last week with the suggestion that the Deputies defer consideration of the Report for two or three weeks to allow Governments time to forward instructions. The general outline of the Agreement remains the same but a number of minor changes were made. These were:

(a) application of agreement to all political sub-divisions of contracting parties;

(b) a clearer definition of "responsibility" of a state in connection with third party claims;

(c) specific extension of claims provisions to claims arising out of the unauthorized use of service vehicles;

(d) the elimination of contractual claims from the scope of the agreement; and

(e) the insertion of a colonial clause in the agreement.

30. The Canadian amendments (cf. Heads of Division Meeting of April 9, 1951, para. 16)† were only accepted in part. The principal amendment relating to the jurisdiction of service courts was not accepted but certain examples of limitation were recorded in the minutes of the Drafting Committee which, it is hoped, will render the application of the jurisdictional provisions acceptable to Canada. The Canadian suggestion for the extension of taxation exemptions to dependents was rejected but the proposal to allow free importation of personal effects and furniture at the time of first entry of dependents proved generally acceptable. The Canadian suggestion for more explicit machinery to deal with free entry privileges for goods and commodities met with partial success but the proposal for limiting reservations to the agreement was rejected. The principal Canadian difficulty in approaching this agreement is to reconcile it with the existing bilateral arrangements with the United States. A new clause in the agreement provides that any two contracting parties may agree that certain units or formations shall not be regarded as constituting or included in a "force" for the purpose of the present agreement. (CONFIDENTIAL)

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444. DEA/10548-E-40

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

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

CONFIDENTIAL [Ottawa], May 19, 1951

NATO FORCES AGREEMENT — APPLICATION TO UNITED STATES FORCES IN CANADA

1. You will recall that when Cabinet considered recommendations on the draft agreement on the status of NATO Forces, it was decided that signature of the agreement should be without prejudice to current arrangements relating to the Status of United States Forces in Canada. The Ad Hoc Interdepartmental Committee which reported to Cabinet on the agreement did not include in their report any discussion on the possibility that United States Forces would be treated differently from any other NATO Forces in Canada. In view of this fact, the following comments might be appropriate.

2. The Cabinet decision could be given effect in one of two ways:

(a) by concluding a simple bi-lateral agreement with the United States which would except the United States Forces in Canada from the application of the agreement; or

(b) by making reservation to the same effect when Canada signs the NATO Agreement.

In either case it would be desirable to consult with the U.S. Government in advance. The most likely result of course would be that the United States Government would stipulate that the NATO Agreement should not apply to Canadian Forces in the United States.

3. In view of this probable reaction it might be desirable before approaching the United States Government to consider some of the arguments for and against such a partial application of the NATO Forces Agreement.

4. In the first place, as suggested above, one serious result would be that Canada would probably forego the opportunity to have a treaty basis for the privileges and rights which may be necessary for Canadian Forces in the United States.

5. Another point of importance is that potential United States rights and privileges under the NATO Agreement would not be greater as a whole than those which the United States Forces now exercise in Canada under the Leased Bases Agreement on the Island of Newfoundland.[38] In fact with respect to income tax, postal facilities, and duty free imports, the NATO Forces Agreement is less generous than the Leased Bases Agreement. On the question of jurisdiction, it is true the NATO Forces Agreement grants to United States service courts a primary right to exercise jurisdiction in respect of certain acts which are offences under both the laws of Canada and United States Military Law. While a similar right under the Leased Bases Agreement (as modified by the PJBD recommendation of March, 1950) has been suspended for a period of five years, it should be noted that this right could be revived after that period on 6 month's notice or at any time on notice in the event of war or an emergency. It should also be kept in mind that the Canadian Government is under an obligation to give satisfactory assurances that United States officials in Newfoundland will have a degree of jurisdiction comparable to that which they now in fact exercise. This means in fact that the United States is to have a primary right to exercise jurisdiction over United States Forces in Canada in respect of any offences under the laws of Canada which, under the NATO Agreement would similarly give rise to a primary right of jurisdiction in the appropriate United States military authorities.

6. Finally from the point of view of the administration of Canadian laws it would be most desirable that members of all foreign visiting forces should be subject to a single Visiting Forces Act which would make no distinction between one NATO country and another. It has been assumed that if the NATO Agreement were to come into force a general act dealing with all aspects of the agreement would have to be passed. If the existing position of the United States Forces in Canada were to be preserved, there would be inevitable doubt and conflict in the administration of that general act and existing statutory and executive powers.

[38] Voir le document 676./See Document 676.

7. It is believed these comments are justified because the Ad Hoc Committee did not place any similar considerations before Cabinet at the time Cabinet first considered the NATO Agreement. It may be that you would wish to consider whether Cabinet should look at the matter afresh with these points in mind. If so a convenient opportunity will be presented some time in the week ending May 26, as the Ad Hoc Committee will then be reporting to the Cabinet on the Agreement as redrafted in London by the Council Deputies' Working Group.

8. On the other hand if you believe that Cabinet will not wish to reopen the matter I should be grateful if you would authorize me to initiate consultations with the United States Government in order to secure an agreed basis for the method by which United States Forces will be excepted from application of the NATO Forces Agreement in Canada.

9. In view of the character of the NATO Forces Agreement I think it might be desirable to inform the United States Government that Canada would prefer the conclusion of a bi-lateral agreement rather than the making of a reservation at the time of signature of the Agreement. I should appreciate your guidance on this point as well.

10. A similar memorandum is being sent to the Minister of National Defence by the Judge Advocate General. You may wish to discuss this matter with Mr. Claxton.

A.D.P. H[EENEY]

PCO

445.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 21 and May 24, 1951

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NORTH ATLANTIC TREATY ORGANIZATION; AGREEMENT ON STATUS OF VISITING N.A.T.O. FORCES

1. *The Secretary of State for External Affairs*, referring to discussion at the meeting of March 21st, 1951, said that the draft agreement on the status of N.A.T.O. forces had been revised by the Council Deputies and resubmitted to member governments for consideration and approval. Governments were requested to inform the Council Deputies by May 23rd, 1951, whether the revised agreement was acceptable for signature on or about June 1st, 1951, or whether it was intended to make reservations as to its application. If it became apparent that there would be serious intergovernmental disagreement in the form of intended reservations, the agreement would be renegotiated by the Working Group of the Council Deputies. The United States had indicated that it would be most desirable to have the agreement concluded as soon as possible so that it would apply to U.S. forces in the European Integrated Force.

An explanatory note was circulated.

(Memorandum, May 19, 1951, Ad Hoc Interdepartmental Committee on draft agreement on status of NATO forces, Cab. Doc. 148-51)†

2. *Mr. Pearson* pointed out that, although the revised agreement did not entirely meet Canadian views on this matter, it constituted a workable arrangement which would be most advantageous in so far as Canadian members of the European Integrated Force were concerned. There was some doubt, however, as to whether Canada should agree to the application of the agreement to U.S. forces in Canada. In any event, it seemed clear that the agreement could not automatically be extended in so far as United States bases in Newfoundland were concerned in view of the special contractual agreement with the United States in this matter.

3. *The Cabinet*, after further discussion:

(a) approved in general principle the revised draft agreement on the status of NATO forces, subject to concurrence by the Minister of National Defence and the Minister of Justice;[39] and,

(b) deferred decision as to whether the agreement should be made applicable to United States forces in Canada.

...

NORTH ATLANTIC TREATY ORGANIZATION; AGREEMENT ON STATUS OF VISITING N.A.T.O. FORCES

1. *The Secretary of State for External Affairs* recalled that, when the draft agreement on the status of visiting North Atlantic Treaty forces had been considered at the meeting of May 21st, 1951, decision had been deferred as to whether the agreement should be made applicable to U.S. forces in Canada. There was much to be said in favour of this extension as it would mean that arrangements affecting visiting forces would be common to all NATO countries, rather than bilateral as at present, and therefore more acceptable to the Canadian public. As regards the jurisdiction of service courts, there were not great differences between the proposed NATO agreement and current arrangements with the United States.

2. *The Minister of National Defence* agreed that differences were not serious and suggested that enquiries be made as to whether U.S. authorities wished the NATO agreement or the present arrangements to apply to their forces in Canada.

3. *Mr. Pearson* thought it would be desirable to enquire whether U.S. authorities would be agreeable to the N.A.T.O. agreement being made applicable to all U.S. forces in Canada, including those coming under the 1941 Newfoundland leased bases agreement and the new agreement regarding Goose Bay. Arrangements that were satisfactory for U.S. troops in Europe should be adequate for U.S. forces in Canada and there would be advantages in uniformity of practice. Moreover, under the N.A.T.O. agreement the United States would improve its position except in the province of Newfoundland.

[39] Voir Canada, *Recueil des traités*, 1953, N°. 13./See Canada, *Treaty Series*, 1953, No. 13.

4. *The Cabinet*, after further discussion, noted the comments of the Secretary of State for External Affairs regarding the draft agreement on the status of visiting North Atlantic Treaty forces and agreed that:

(a) an attempt be made to induce the U.S. authorities to accept the application of the draft N.A.T.O. agreement to their forces in any part of Canada at any time during the life of the agreement; it being understood that parallel provisions of the 1941 Newfoundland leased bases agreement and the 20-year Goose Bay lease agreement would again become operative if the N.A.T.O. agreement ceased to be in effect before they expired;

(b) in the meantime, the Council Deputies could be informed that Canada did not intend to make any reservations to the application of the present draft of the N.A.T.O. agreement if the U.S. government accepted it as applicable to U.S. forces anywhere in Canada.

. . .

446. DEA/10548-E-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[40]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[40]

SECRET Ottawa, June 15, 1951

RE NATO FORCES AGREEMENT

You will recall that Cabinet on May 24 agreed that:

"(a) an attempt be made to induce the U.S. authorities to accept the application of the draft N.A.T.O. agreement to their forces in any part of Canada at any time during the life of the agreement; it being understood that parallel provisions of the 1941 Newfoundland leased bases agreement and the 20-year Goose Bay lease agreement would again become operative if the N.A.T.O. agreement ceased to be in effect before they expired;

"(b) in the meantime, the Council Deputies could be informed that Canada did not intend to make any reservations to the application of the present draft of the N.A.T.O. agreement if the U.S. government accepted it as applicable to U.S. forces anywhere in Canada."

2. Mr. Wilgress has spoken to the Deputies in the sense of (b). The Agreement is to be signed and made public in London on *Tuesday, June 19.*

3. Our Embassy in Washington approached the State Department pursuant to (a).[41] No definite reply has yet been received from the State Department but, from

[40] Note marginale :/Marginal note:
For Cabinet today if at all possible [A.D.P. Heeney]

[41] La position canadienne a été communiquée aux États-Unis dans une note de service du 5 juin 1951.†
The Canadian position was given to the United States in a memorandum dated June 5, 1951.†

the tenor of the remarks made so far by the State Department, we expect that the following will happen soon:

The State Department will say that the U.S. Government is willing to accept the Canadian proposal *on condition that* the PX's in Newfoundland be allowed to retain all their privileges under the Leased Bases Agreement (as recently modified). There may be one or two other unimportant conditions relating to existing customs privileges.

4. If that condition is stipulated, its significance is as follows:

Under Leased Bases Agreement (as modified) -

PX's may
import free of duty and buy locally free of taxes
for sale to members of the forces and civilian component and dependents.

Under NATO Forces Agreement -

PX's (which are not expressly mentioned) may
import free of duty
for sale to members of forces.

5. As Cabinet would like to have the NATO Forces Agreement apply to all U.S. forces in Canada, it would be justifiable for Cabinet to agree to the expected U.S. condition. There would be no technical difficulty in the way of accepting the condition on PX's — all that is required is to say that the existing privileges for PX's and clubs under the Leased Bases Agreement, as modified, will *not* be suspended.

6. If Cabinet is willing to decide now (before the U.S. answer has been received) in the sense of para. 5, it would be in order for Cabinet today to decide that Mr. Wilgress shall sign the NATO Agreement on June 19 without a reservation. The negotiations with the U.S. need not be completed before June 19.

7. If Cabinet is not in favour of authorizing Mr. Wilgress to sign without a reservation, I suggest that you make a choice today between the following courses:

(a) We will not sign on June 19 and will explain that we will sign as soon as current Canada-U.S. discussions are concluded,

or

(b) We will sign on June 19 but expressly reserve the right to attach, on ratification, a reservation regarding U.S. forces in Canada.

8. As between 7(a) and 7(b), I recommend 7(b). However, my first recommendation is that Cabinet authorize Mr. Wilgress to sign without a reservation (Cabinet having first agreed to the idea of para. 5 above).[42]

A.D.P. H[EENEY]

[42] Note marginale :/Marginal note:
Approved by Cabinet June 15 A.D.P.H[eeney]

447. DEA/10548-E-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-1280 Ottawa, June 18, 1951

CONFIDENTIAL. MOST IMMEDIATE.

From Heeney, Your WA-2548† and my EX-1279,† June 18, NATO Forces Agreement.

This will confirm Wershof's telephone message to Matthews this morning. In view of the State Department's strong plea (which Wrong conveyed to me by telephone this morning) that the word "reservation" should not be mentioned in London tomorrow, we have telegraphed Wilgress instructing him not (not) to make any statement reserving the right to make a later reservation.

2. I understand that you will speak to the State Department today (and give them a confirming Minute or memorandum) to the following effect. The Canadian Government hopes that the discussions with the United States regarding the applicability of the NATO Agreement to the Leased Bases may soon be concluded, and that the United States may decide to accept the proposal made in our letter D-2134 of May 31.[43] In the light of the views so far expressed by the State Department, we have decided to sign the Agreement in London without a reservation and without making any supplementary statement about the possibility of a reservation. However, we take it that it is clearly understood by the State Department that we do in fact reserve the right to make a reservation later on if our current discussions with the United States should not produce a satisfactory arrangement.

3. Please report fully on your conversation with the State Department today. I trust that you have reminded them that it is not too late for the United States Government to reach a decision today to accept our proposal. Such a decision would simplify matters all around.

4. In my immediately following telegram† I am giving the text of the statement on this point which the Prime Minister will probably make tomorrow if he should be asked in the House about the relation between the NATO Forces Agreement and the Leased Bases Agreement.

[43] Le document contenait la note de service du 5 juin 1951.
This enclosed the memorandum dated June 5, 1951.

448. DEA/10548-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-2748 Washington, July 6, 1951

CONFIDENTIAL. IMPORTANT.

Reference: WA-2747 of July 6, 1951.†

NATO FORCES AGREEMENT

Following is text of the State Department memorandum of July 6th, Begins: Memorandum

In its memorandum of June 5th, 1951,† the Canadian Government suggested that the provisions of the NATO status of forces agreement be made applicable to all United States forces in Canada, including those at the leased bases and at Goose Bay.

In common with the Government of Canada, the United States Government would wish the forces agreement to apply throughout Canada and on the bases. As the Canadian Government is undoubtedly aware, however, the United States Government attaches great importance to maintenance of the present arrangements concerning the operation for the use of the United States armed forces of post exchanges and other similar services which are now in effect on the leased bases. The Canadian Government will likewise recall that full agreement between the two governments regarding the operations of such services was reached only a few months ago as the result of detailed discussions in the Permanent Joint Board on Defense.

The Leased Bases Agreement of March 27th, 1941, as modified by the recommendations of the Permanent Joint Board on Defense referred to above, is also satisfactory to this government with respect to the arrangements concerning tax and customs exemptions and exemptions from inspections. The United States Government would not therefore, wish to alter these arrangements.

Subject to the concurrence of the Canadian Government in the foregoing, the United States Government would be prepared to agree that provisions of the leased bases agreement which are inconsistent with the provisions of the NATO forces agreement shall be in abeyance until the NATO forces agreement is terminated through expiration or denunciation. This government understands, as does the Government of Canada, that provisions of the leased bases agreement outside the scope of the NATO forces agreement are unaffected.

The United States Government concurs with the view of the Canadian Government that uniform treatment of United States forces throughout Canada would be in the interests of both countries and would make for simplification of administration. Ends.

449. DEA/10548-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-2924 Washington, July 24, 1951

CONFIDENTIAL

Reference: Your EX-1478 of July 23.†

NATO FORCES AGREEMENT

Our memorandum of June 5 to the State Department on this subject is identical with the draft memorandum contained in your despatch D-2134 of May 31.

2. With reference to the United States memorandum contained in my WA-2748 of July 6 you will have noted the difference in the language between the penultimate paragraph of the United States note and the penultimate paragraph of our note of June 5. The United States Government agrees to suspend those provisions of the Leased Bases Agreement which are *inconsistent* with the provisions of the NATO Forces Agreement. Our proposal was that the *parallel* provisions of the Leased Bases Agreement should be suspended when the NATO Forces Agreement comes into effect. In effect, therefore, the United States memorandum suggests that the provisions of the Leased Bases Agreement (for example, relating to jurisdiction) shall be suspended only where such provisions are determined to be inconsistent with the provisions of the NATO Forces Agreement. The United States memorandum apparently suggests that where additional privileges are granted under bilateral arrangements, these privileges should remain in effect even after the acceptance of the multilateral, provided they are not inconsistent with the latter.

3. The United States memorandum, we understand, represents a compromise between the USAF and the U.S.N., the former supporting a widest application of the NATO agreement and the latter desiring no change in their status quo at the leased bases (with the exception of the recent changes approved by the PJBD.)

450. DEA/10548-E-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-1508 Ottawa, July 27, 1951

CONFIDENTIAL

Your WA-2924, July 24, Application of NATO Forces Agreement to Leased Bases.

1. We are astonished by the interpretation, given in paragraph 2 of your telegram, of the State Department's memorandum of July 6, and desire in this telegram to explain how matters look to us on the official level.

2. We originally proposed to the State Department on June 5, on instructions from Cabinet, that the NATO Forces Agreement should apply at the Leased Bases and that, in effect, parallel provisions in the Leased Bases Agreement should be put into cold storage so long as the NATO Forces Agreement remained in force between the two countries. Other provisions of the Leased Bases Agreement (i.e., those dealing with subjects not covered in the NATO Agreement) would be unaffected. The principal subjects on which there are parallel provisions in the two agreements are jurisdiction, security and taxation. There are, of course, some subjects dealt with in the Leased Bases Agreement which are not dealt with at all in the NATO Agreement, and vice versa.

3. When Canada signed the NATO Agreement on June 19, you had been given to understand by the State Department that it was likely that the Canadian proposal would be accepted except with regard to PX's and possibly other customs privileges. In other words, we were warned by the State Department that they would probably not (repeat not) agree to put into storage the PX provisions and some other customs provisions of the Leased Bases Agreement.

4. When we read your WA-2747† and 2748 of July 6, we did not attach any particular significance to the phrase "which are inconsistent" in the penultimate paragraph of the State Department's memorandum. In view of the history of the negotiation, we thought that what the United States were saying was (a) that they would not agree to put into storage the PX provisions and the taxation provisions generally of the Leased Bases Agreement, but (b) that they were willing in other respects to accept the Canadian proposal. Therefore, according to our interpretation of WA-2748, at least the jurisdiction clauses of the Leased Bases Agreement would be put in storage in favour of the parallel clauses of the NATO Agreement.

5. However, the interpretation given in paragraph 2 of WA-2924 seems to us at the moment to make the United States memorandum of July 6 almost meaningless. I should think it would be hopeless to expect officials working in the field of jurisdiction in Newfoundland to base themselves on some sentences or clauses of the Leased Bases Agreement at the same time as they try to work under the NATO Agreement. The real effect therefore of the latest United States attitude seems to be that they are not (repeat not) willing to put any provision of the Leased Bases Agreement into storage but are willing merely to accept the NATO Agreement in fields in which the Leased Bases Agreement is silent. If that is the intent of the United States, we would much prefer that it be stated clearly in their memorandum. It will be very difficult indeed to explain matters to Cabinet here on the basis of the July 6 memorandum.

6. When you are discussing this matter with the State Department, you might use the occasion to clear up two relatively small points in the memorandum of July 6. We assume that the phrase "Post Exchanges and other similar services" in that memorandum is intended to mean "Post Exchanges, Ship's Service Stores, Commissary Stores and Service Clubs", which are the institutions listed in the Leased

Bases Agreement. The second point is that the third paragraph of the July 6 memorandum referred to "exemptions from (Customs) inspections" in a way which implied that such exemptions are a right under the Leased Bases Agreement. In fact, this particular exemption is not mentioned in the Leased Bases Agreement, and our Customs people have never acknowledged that there is any right to exemptions from inspections.

7. We do not wish, at this moment, to discuss what actually happens in Newfoundland in the matter of "inspections". The only point we wish to make clear to the State Department is that the matter of exemption from such inspections is not mentioned in the Leased Bases Agreement and is not (repeat not) regarded by us as a right under the Leased Bases Agreement. (We are sending by bag a copy of a letter† from Customs and Excise which explains the point more fully).

8. We shall not take any further action pending a detailed reply to this telegram. Whether or not the U.S. Government decides to adhere to the attitude reflected in WA-2924, we think it would be helpful if the State Department's memorandum of July 6 could be replaced by a revised version which would set forth without ambiguity what the United States is or is not willing to do.

9. I need hardly add that, if we had known prior to June 19 what we now know of the United States attitude, it is almost certain that the Canadian signature to the NATO Agreement would have been accompanied by a formal declaration of our right later on to annex a reservation to our signature. I am sure that the State Department in June had no desire to mislead but the net result is to say the least very unsatisfactory. Message Ends.

451. DEA/10548-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-3898 Washington, November 5, 1951

CONFIDENTIAL. IMPORTANT.

Reference: My WA-3837 of October 26th.†

APPLICATION OF NATO FORCES AGREEMENT TO NEWFOUNDLAND LEASED BASES

1. My immediately following teletype contains the text of the Department of State note, dated November 5, 1951, signifying the agreement of the United States to our proposal that the NATO Forces Agreement should be applicable to all United States forces in Canada, including those at the leased bases and at Goose Bay, subject to the continuance of arrangements under the Leased Bases Agreement for the operation of post exchanges, etc., and the provisions of the Leased Bases Agreement concerning tax and customs exemptions modified in accordance with

the recommendations of the P.J.B.D. I hope that at an early date we will be in a position to reply to the State Department note.

2. We have informed the State Department that it is likely that we would wish to make the substance of the agreement public once full agreement had been reached. I think you will agree that it would be unnecessary to make public the actual texts of the exchange of notes and the memorandum of June 5th. Please indicate your wishes on this point.

3. The State Department memorandum of July 6th, the text of which was contained in my WA-2748 of the same date, will not be withdrawn. It should simply be marked for file with a notation to the effect that it was superseded by the State Department note of November 5th.

452. DEA/10548-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-3899 Washington, November 5, 1951

CONFIDENTIAL. IMPORTANT.

Reference: My WA-3898 of November 5th.

APPLICATION OF NATO FORCES AGREEMENT TO NEWFOUNDLAND LEASED BASES

Following is the text of the Department of State note, dated November 5th, 1951, referred to in my teletype under reference, Begins: I have the honor to refer to the Canadian Embassy's memorandum of June 5, 1951,† in which the Canadian Government suggested that the provisions of the North Atlantic Treaty Organization Status of Forces Agreement should be made applicable to all United States forces in Canada including those at the leased bases and at Goose Bay, and that as a consequence the provisions of the Leased Bases Agreement of March 27, 1941 which deal with matters covered in the NATO Status of Forces Agreement would be in suspense so long as the NATO Status of Forces Agreement remained in force between Canada and the United States.

In common with the Government of Canada, the United States Government would wish the NATO Status of Forces Agreement to apply to all United States forces throughout Canada, including those at the leased bases, when, pursuant to Article 18, the NATO Status of Forces Agreement has come into effect in respect of both Canada and the United States. As the Canadian Government is aware, however, the United States Government attaches great importance to the maintenance of certain arrangements at the leased bases under the Leased Bases Agreement of 1941, as it may be modified as a result of the recommendations of March 30, 1950 by the Permanent Joint Board on Defense. These arrangements concern the opera-

tion of institutions under government control known as post exchanges, ships service stores, commissary stores and service clubs for the use of the United States forces, civilian employees who are United States nationals employed by the United States Government in connection with the bases or members of their families resident with them and not engaged in any business or occupation in Canada. The provisions of the Leased Bases Agreement concerning tax and customs exemptions, modified in accordance with the recommendations of the Permanent Joint Board on Defense, would also be satisfactory to this government. The United States Government would not, therefore, wish to alter these arrangements.

Subject to the concurrence of the Canadian Government in the foregoing, the United States Government would be prepared to agree that the NATO Status of Forces Agreement should be made applicable to all United States forces in Canada, including those at the leased bases and at Goose Bay, it being understood that those provisions of the Leased Bases Agreement which deal with the matters covered in the NATO Status of Forces Agreement would be held in abeyance until the NATO Status of Forces Agreement is terminated through expiration or denunciation. This government understands, as does the Government of Canada, that the provisions of the Leased Bases Agreement dealing with matters not covered in the NATO Status of Forces Agreement would be unaffected.

The United States Government concurs in the view of the Canadian Government that uniform treatment of United States forces throughout Canada under the NATO Status of Forces Agreement would be in the interests of both countries and would make for simplification of administration.

Accept, Excellency, the renewed assurances of my highest consideration. Ends.

PCO

453.

Projet d'une note de l'ambassade aux États-Unis pour le département d'État aux États-Unis

Draft Memorandum from Embassy in United States to State Department of United States

[n.d.]

CONFIDENTIAL

The Canadian Government has considered the State Department's note of November 5 regarding the Canadian proposal that the NATO Status of Forces Agreement be made applicable to all United States forces in Canada, including those at the leased bases and at Goose Bay.

2. It is noted with satisfaction that the United States Government agrees in principle with this suggestion. It is noted further that the United States wishes to retain the present arrangements (under the Leased Bases Agreement of 1941 as amended by the Permanent Joint Board on Defence Recommendation of March, 1950) relating to post exchanges, etc., and to tax and customs matters generally.

3. While regretting that the United States Government considers it necessary to preserve, during the currency of the NATO Agreement, so many of the parallel

provisions of the Leased Bases Agreement, the Canadian Government is prepared to reach an understanding on this basis.

4. The Canadian Government accordingly concurs in the proposals set forth in the 2nd and 3rd paragraphs of the State Department's note of November 5, 1951.[44]

7e PARTIE/PART 7

AFFILIATION DE LA GRÈCE ET LA TURQUIE
MEMBERSHIP OF GREECE AND TURKEY

454. DEA/50030-V-3-40

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 S-1662 Ottawa, April 20, 1951

TOP SECRET

Reference: Your WA-1406 of April 11.†

POSSIBILITY OF THE ADMISSION OF GREECE AND TURKEY TO NATO

We were greatly interested in receiving your telegram WA-1406 of April 11 on the possibility of the admission of Greece and Turkey in NATO. While we have not yet been in a position to discuss this matter with the Minister, you might be interested in our views at the departmental level.

2. We are rather hesitant to comment on the views expressed to you by the State Department about the method of improving the security of the Eastern Mediterranean because we feel that, apart from the possibility of the inclusion of Greece and Turkey in NATO, the area is one in which Canadian interests are remote except in a very general sense and we would not wish to give the impression that we are suggesting to the great powers methods whereby the security of the area under consideration could be increased by further commitments on their part while, at the same time, Canada would be unwilling to accept further commitments itself.

3. With these reservations in mind, you may wish to use the following views in your informal discussions with the State Department.

4. Four alternative methods for dealing with the security problem in the Eastern Mediterranean have been under discussion in recent months:

[44] Cette note a été remise au département d'État le 12 décembre 1951. Un échange officiel de notes s'est terminé au printemps 1952. Voir Canada, *Recueil des traités*, 1952, N°. 14.
This note was delivered to the State Department on December 12, 1951. A formal exchange of notes was concluded in the spring of 1952. See Canada, *Treaty Series*, 1952, No. 14.

(a) The inclusion of Greece and Turkey in NATO. This problem has already been discussed and the reasons which were advanced in September for refusing to accede to the Turkish request for admission are, in our mind, still valid today.[45] There is no doubt that such an association would be welcomed by both countries for reasons of prestige and because it would give them greater security in case of war as well as acting as a deterrent against the possibility of a Soviet attack. You have clearly indicated yourself the pros and cons in paragraph 4 of your telegram under reference. The cons are more convincing than the pros as far as we are concerned. We should continue to bear in mind that we have always given some priority to the economic and social aspects of the North Atlantic Treaty. We have little doubt that were Greece and Turkey to be accepted as NATO members those aspects of the Treaty would receive even less consideration than they do today. The North Atlantic Treaty would tend more and more to become an instrument of defence only and would no longer be the framework of an eventual "North Atlantic Community". On the whole we wonder whether such a move might not be a mistake unless all NATO partners are already prepared for the gradual extension of NATO to include all states desiring to prevent Soviet expansion.

(b) The conclusion of an Eastern Mediterranean pact to include Turkey, Greece and the Arab states, or Turkey, Greece, Yugoslavia and Israel. Neither suggestion commands much support. Turkey considers that a military alliance with the Arab states in their present condition of weakness would cause a deterioration in its own position. The Arab states are preoccupied with the effort to establish some degree of unity among themselves before considering any military association with their immediate neighbours. Yugoslavia and Israel, for different reasons, are not prepared to enter into local alliances with other "small" powers. Greece is the only country which, so far, has actively attempted to explore the possibility of an Eastern Mediterranean union.

(c) United States guarantee of military aid to Turkey in case of Soviet attack. This would probably have the advantage of helping strategic defence planning and no single measure which has yet been suggested would be likely to have more immediate practical advantages.

(d) An extension of the direct responsibility already assumed in the Middle East by the United States, the United Kingdom and France through individual agreements or on a tripartite basis. (This would be likely to follow rather than to precede a United States commitment to come to the aid of Turkey if the latter is attacked). The United Kingdom and France already have a mutual assistance agreement with Turkey, and the United States has spent a great deal of money and energy in building up the efficiency of Turkish armed forces and in improving communications in Turkey. The United Kingdom and the United States also gave Greece military aid for several years. In a tripartite declaration of May 25, 1950, the United States, the United Kingdom and France undertook to intervene in case of threats to alter by force existing boundaries in the area between the Eastern Mediterranean and the Persian Gulf. In May, 1950, the United States and the United Kingdom jointly

[45] Voir/See Volume 16, Document 568.

declared their interest in the continued political independence and territorial integrity of Iran and they have recently confirmed their attitude in separate statements by official spokesmen.

5. In such a confused picture we are inclined to feel that ad hoc arrangements for the defence of the Middle East could be based more effectively on the foundations which have already been laid than on an altogether new arrangement such as an extension of NATO responsibilities in the area. Such arrangements could be considered in the following order:

(a) That the decision already arrived at by NATO to associate the Turkish and Greek Governments with the military planning of the North Atlantic Treaty Organization be, in fact, implemented. The insistence, particularly of the Turks, on being associated with NATO might spring mainly from the fact that those arrangements, according to paragraph 3 of your telegram under reference have not been given a fair trial. It is natural for the Turks to underestimate the value of such an association if no effort had been made to make it work.

(b) That the United States consider the possibility of making a fairly strongly worded declaration of its interests in the continued political independence and territorial integrity of Turkey, which would leave no room for speculation on the part of Moscow.

(c) That the governments of the United States and United Kingdom should continue the efforts they are now making to compose the differences which have become apparent in the views of their military leaders in the Eastern Mediterranean area, so as to present as quickly as possible a common front in their dealings with governments of the countries concerned. It would be particularly useful if they could reach a decision as to which of the great powers is to assume military leadership and the primary responsibility for military defence of the area. So long as governments of the Middle East are not sure that the United States and the United Kingdom, the two great powers most directly concerned, see eye to eye on this question, the impression of rivalry and uncertainty is bound to delay preparations for effective resistance to a possible Soviet attack. It would be reasonable to expect that at some stage, preferably when the United States and the United Kingdom have found a basis for composing their differences, France should be brought into the discussions with a view to participation in defensive planning.

(d) That the three great powers which have direct interests in the Middle East should discuss among themselves the possibility of a tripartite declaration on the defence of a more extended area than that to which the declaration of May 25, 1950 applied.

6. We do not wish to convey the impression that, were it so decided after careful consideration in Washington, we would be unwilling to consider the applications of Greece and Turkey for acceptance in NATO. We would then probably take the line that if the United Kingdom, the United States and France, and other NATO powers, are in agreement in favouring the admission of Turkey and Greece, Canada would not oppose it. We do hope, however, that serious consideration will be given to possible alternative courses of action such as those listed above, since we consider

that the admission of Turkey to NATO is not to the best of our interests in present circumstances.

7. For your information, I may say that neither the Turkish nor the Greek Ambassadors here has raised the problem of the admission of their respective countries with us.

455. DEA/50030-V-3-40

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-1821 Washington, May 1, 1951

TOP SECRET

Reference your despatch S-1662 of April 20th and your teletypes EX-926 of April 27† and 934 and 944 of April 30th.† Possibility of the admission of Greece and Turkey in NATO.

1. At our weekly meeting with Raynor at the State Department, the Departmental views set out in your despatch under reference were given to him on an informal and confidential basis. We emphasized the point that while we were aware that inter-departmental thinking in Washington was now crystallizing in favour of the inclusion of Greece and Turkey in NATO, it was hoped by those who had been considering the matter in Ottawa that full consideration would be given to the possible alternative courses of action, bearing in mind the weight of the arguments which could be brought to bear against extending NATO membership. Stress was also placed on the point made in your 944 that these confidential Canadian views should not be attributed to Canada in any conversations with Greek or Turkish authorities.

2. Raynor said that this indication of our departmental thinking would be most helpful to the State Department. Commenting on the four alternative methods for dealing with the security problem in the Eastern Mediterranean, outlined in paragraph 4 of your despatch 1662, he observed that alternative (b) (i.e., the conclusion of a Mediterranean Pact without the participation of the United States) had not been seriously considered, since such a suggestion would not command any support in Turkey or Greece at the present time. The main alternatives, in one form or another, to the extension of NATO membership, which had been considered were:

(a) The conclusion of a Mediterranean Pact; and

(b) United States guarantee or assurance of military aid to Greece and Turkey by declaration of the United States Government.

3. As to the various forms which a Mediterranean Pact might take, there was agreement among United States officials that the membership would at least have to include the United States, the United Kingdom and France, as well as Greece

and Turkey. Consideration had also been given to the inclusion of Italy. Egypt and Spain were mentioned as marginal cases.

4. As to the possibility of giving Greece and Turkey a greater assurance of security through a new declaration, Raynor said that the considerations outlined in your sub-paragraphs (c) and (d) had been fully borne in mind. In particular it was recognized that a more specific commitment by the United States Government to come to the aid of Greece and Turkey, if the latter are attacked, would have to be an essential feature of any new guarantee by declaration, with or without the participation of other governments.

5. Raynor was also interested in the view expressed in your despatch that "*ad hoc* arrangements for the defence of the Middle East could be based more effectively on the foundations which have already been laid than on an altogether new arrangement such as an extension of NATO responsibilities in the area". He observed that the points made in paragraph 5 of your despatch have also been taken into account in the examination of the problem in Washington.

6. He concluded his comments by saying that he would see that our thinking would be brought immediately to the attention of the interdepartmental group working on the problem. The question had not yet been considered at a Ministerial level, but it was hoped to submit a memorandum to the Secretary of State shortly. He mentioned that the Office for European Affairs had stressed throughout the discussion the opposition which would probably be encountered among existing NATO members to the suggestion that Greece and Turkey should be admitted, and observed that the Scandinavian members particularly were known to be opposed.

7. He said that the State Department would let us know before decisions were taken on this matter in Washington, and at least before the question was brought up in NATO.

456.

DEA/50030-V-3-40

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 1269

London, May 24, 1951

TOP SECRET

Reference: My telegram No. 1251 of May 22.†

INCLUSION OF GREECE AND TURKEY IN NATO

1. It may be useful to comment briefly at this preliminary stage on the United States proposal to include Greece and Turkey as full members of the North Atlantic Treaty Organization while this matter is receiving active consideration in Ottawa.[46]

2. The United States memorandum bases its case for strengthening security arrangements between the western powers and Greece and Turkey on "both political and military considerations" (paragraph 1). My impression of the memorandum is that it primarily reflects the pressure of military thinking rather than a careful balancing of political and economic factors as well as purely military considerations. Further, while it would not be difficult to reach agreement on the proposition that the security arrangements between Greece and Turkey and the western powers should be strengthened, it is a considerable jump from this conclusion to the conclusion in paragraph 7 that this objective can best be attained by the inclusion of Greece and Turkey as full signatories of the North Atlantic Treaty Organization, with the consequent changes in the form and structure of the NATO concept which such a step would imply.

3. For example, the memorandum deals only with two possibilities: (a) a Mediterranean treaty including Greece and Turkey; and (b) the inclusion of Greece and Turkey in NATO. It does not deal with either the possibility (listed in sub-paragraph 4(c) of your despatch No. S.1662 of April 20) of a direct United States guarantee of military assistance to Turkey in the case of Soviet attack, or of a new tripartite guarantee (referred to in your sub-paragraph 4(d)) in which the three western great powers would participate. We feel that before reaching the conclusion that full membership is the best solution, these two alternative possibilities should be seriously explored by the United States and major powers concerned. From the Canadian point of view, the inclusion of Greece and Turkey in the treaty would, of course, extend our legal defence commitments to the Eastern Mediterranean and the Middle East. It should, however, be noted that if Greece or Turkey should be attacked at the present time, the obligation of all the NAT countries (including Canada) to render assistance would be powerful. There is also the fact that the present uncertainty concerning the position of Greece and Turkey presents a temptation to Soviet expansionism whereas steps to increase their present security arrangements whether through inclusion in NATO or by a direct United States guarantee would act as a deterrent in an area of great strategic importance. It may also be that a NATO guarantee within the defensive framework of the treaty would be less provocative at this time to the Soviet Union than a unilateral guarantee extended to Turkey by the United States.

4. The political factors listed in paragraph 2 of the United States memorandum are really military factors and the considerations to which you refer in paragraph 4(a) of your despatch under reference, to which we have always attached great importance, are passed over rather hurriedly in paragraph 6 of the United States paper. For many of its members the North Atlantic Treaty has always been consid-

[46] Voir/See United States, Department of State, *FRUS*, 1951, Volume III, Washington: Government Printing Office, 1981, pp. 520-522.

ered not only as a defence instrument, although this is clearly recognized as being its primary role at the present time, but also as having important economic and political implications. It seems to us that the point should be emphasized that the inclusion of Greece and Turkey as full members of the treaty would substantially alter the basis of the North Atlantic community which underlies the treaty itself. Admittedly, the United States can point, as is done in the memorandum, to the fact that both countries are already members of such multilateral European organizations as the Council of Europe and the OEEC. It will be remembered that at the time of the inclusion of Greece and Turkey in the Council of Europe, however, there was a good deal of opposition to their candidature based partly on the fact that it would materially stretch the regional conception on which it was based.

5. It is too early to give any indication from London as to the attitudes of the other North Atlantic Treaty partners on this important issue. The French attitude has already been indicated in the reports which you have received from our mission in Paris, particularly the report copied to us in your telegram No. 90 of May 19.† With the exception of the Italian Government, whose view is already well-known, the attitude of the other smaller European powers is likely to range from active opposition to passive acceptance of the United States proposal. From the indication of official thinking both in the Foreign Office and on the service side here, it would appear that the United Kingdom, while fully aware of the strength of the arguments against the inclusion of Greece and Turkey in NATO is, on this issue as on many others, motivated primarily by a lively desire to meet the United States on major questions of policy to bring about the increased participation of the United States in the whole field of defence in the Middle East, and to avoid giving the impression of "dragging their feet". It seems unlikely that there will be any sustained opposition to the American proposals by the United Kingdom. One other factor to be borne in mind in the discussions to come is that no government wishes to be put in the position vis-à-vis the Greek and Turkish Governments, of admitting to an attitude of opposition.

6. It goes without saying that the Greek and Turkish Governments are eager for an early and favourable resolution of the problem. One indication of this eagerness is given in the daily news bulletin issued by the Greek Information Service in London on May 23 which stated that the Greek Government has been officially informed from Washington that the United States Government has decided, in agreement with the governments of Great Britain and France, to invite Greece and Turkey to participate in the Atlantic Pact. The consent of the other member-states of the Atlantic Pact will be sought. The *Manchester Guardian*, in reporting this premature announcement adds that "official quarters here make it clear that not only has the British Government taken no final decision in the matter but that it is not to be expected in the immediate future: That the question raises a number of complicated issues which will require a thorough investigation before a decision can be taken".

7. The *London Times* yesterday carried a leader on the pros and cons of the problem, without coming to a definite conclusion. The editorial recalls the commitments already implicit in the Truman Doctrine, and the fact that both countries are in fact receiving American help on a generous scale, and concludes that there is no

fear that their inclusion in the treaty would mean a further diversion of arms from other countries. It goes on to deal with the importance attached by Greece and Turkey to a firm guarantee of their security, without which they fear that in the event of a Russian (or Bulgarian) attack the western powers might try to isolate the war in their countries as they have done in Korea. The hesitation which has hitherto marked the attitude of NATO countries on the question of their inclusion implies no distrust and no disregard of their importance to western security. Even if Greece and Turkey were not included in the North Atlantic Treaty it would still be necessary to find some other way of guaranteeing their independence and of associating them fully in the organization of Mediterranean defence. The *Times* leader dismisses the argument that the Eastern Mediterranean is not part of the North Atlantic as a quibble. Since the treaty already covers Italy and the Algerian department of France there is no logical reason why it should not be extended to Greece and Turkey. Once it is admitted that Greece and Turkey are essential to western security it is difficult to make any distinction between them and, say, Norway and Denmark.

8. The main difficulties which the *Times* sees lie in the question of the organization of the North Atlantic Treaty, the nature of the Atlantic community and the danger that the inclusion of Turkey in the pact would give the organization an offensive rather than defensive aspect. On the first point it is thought that the inclusion of Greece and Turkey might cause a serious setback in the complicated planning arrangements for the Mediterranean, which are now under consideration. To the second consideration that the North Atlantic Treaty is more than simply a military alliance, but is based upon the real conception of Atlantic community, the *Times* attaches more importance. The final argument is that "the North Atlantic Treaty was founded as a deterrent against war, and the signatory countries have constantly to bear in mind the distinction between measures that are clearly seen to be for defence and other measures that might seem to be challenging. The distinction may at times be a subtle one, but that it exists no one could reasonably deny. Naturally, the Turkish views would have to be sought first. The Turkish Government may wish to be included in the treaty, but, for the moment at least, it may prefer to do without bases on Turkish soil. To some extent indeed it is a purely technical question: What is the best way for the western powers to protect and guarantee the integrity of Greece and Turkey without at the same time altering the manifestly defensive character of the North Atlantic Treaty? That Greece and Turkey must be defended there is no shadow of doubt. Any attack on either would lead to war. Yet in all their plans and preparations the western powers must never lose sight of their essential purpose and must never give the Soviet Union the least reason to think that they have any other aim but defence."

9. The *Manchester Guardian* has come out editorially for the inclusion of Greece and Turkey in the North Atlantic Treaty, using the following arguments:

(1) This step would not divert essential military supplies from the present NAT members to the Eastern Mediterranean; the call on United States assistance is likely to be much the same whether Greece and Turkey are in the pact or merely associated with its planning; their share could more effectively be settled inside rather than outside the pact;

(2) The crucial question posed is "whether the NAT nations should extend their commitments both geographically and politically. For the United Kingdom, the commitment already exists; for the United States it would be new, but with the advantage that the United States would be bound to the Eastern Mediterranean as never before;

(3) The strategic position of Turkey as a base for attacking sensitive spots in the Caucasus is underlined; these facilities could more effectively be used if Turkey were a NAT partner;

(4) Finally, the *Guardian* concludes that, "in effect, the Atlantic nations are already three-quarters of the way into an alliance with Greece and Turkey. If either were now to be assaulted by a Communist country the Atlantic Treaty members could not stand aside. Through the United Nations they would be drawn to defend the victim of aggression. If they did not go to its help the moral consequences would be disastrous and collective security, which has had some reality since Korea, would be dead. That being the case, they would be better on the most practical grounds to make their arrangements with Greece and Turkey in advance. And on other grounds Greece and Turkey, who are already in the European family at Strasbourg, have a strong claim to admission to the larger Atlantic community".

457. DEA/50030-V-3-40

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 896 Ottawa, May 28, 1951

TOP SECRET

Repeat Washington EX-1157.
Following from Heeney for Wilgress: Your telegram 1279 of May 25, 1951. Relationship of Greece and Turkey to NATO.

1. Reference your paragraph 4, we will endeavour to let you have our comments on the various questions of substance involved in this issue in time for the discussions later this week. Meanwhile it might be useful for you to know of certain developments which have taken place here.

2. The question of the relationship of Greece and Turkey to NATO was brought up in Cabinet on May 18, and it was felt by Ministers that it would be desirable to take such steps as might be possible to obtain deferment of a decision on the question of admission to NATO as proposed by the United States in order to permit discussion at the next meeting of the Council of alternative schemes for the defence of the Eastern Mediterranean.

3. It is evident that a good deal more information than is at present available will be required before deciding what the Canadian stand is to be. We will want to examine the military appreciation, which our Chiefs of Staff have been asked to

prepare, of the advantages and disadvantages of the admission of Greece and Turkey to NATO and possibly the appreciation which, we understand, the Standing Group is preparing as well. A few weeks will elapse before even the Canadian military paper is available. Since the United States Government has itself taken the best part of two months to formulate its views after a thorough examination of both political and military factors, it is only reasonable that other member governments should be allowed an adequate period in which to give similar careful study to the issues at stake. In any event, even if we were to reach a decision in the near future, parliamentary action presumably would be required in many if not all NATO countries and if for no other reason, this fact alone will occasion considerable delay. We are taking steps to confirm our impression that similar parliamentary action would be required here.

4. I do not think, however, that we should attempt to prevent a preliminary discussion of the problem of the relationship of Greece and Turkey to NATO if other countries are agreeable. As long as it is clear that no hasty decisions are to be taken, it would be of considerable value in shaping our own views to have the benefit of the views of some of the other member states, particularly those of the three countries most directly concerned — the United Kingdom, France and the United States.

5. I note from paragraph 5 of your telegram 1250 of May 22† that the Deputies agreed to recommend that individual governments should refrain from indicating their respective positions to the Greek and Turkish Governments. By the time your telegram reached us the Turkish Ambassador had already called on me to remind me of the assurance previously given by the Canadian Government to the effect that if the NATO powers more directly concerned — the United Kingdom, United States and France — were in favour of the admission of his country, Canada would not oppose it. His Government evidently not only expected that that assurance would still hold good but was looking to the Canadian Government to take active steps to give Turkey its support rather than simply to follow the lead taken by the major powers. His line of approach was that Turkey considered that there were four great powers in the North Atlantic Alliance, of which Canada was the fourth, and that as such Canada was expected to make its voice heard. A similar démarche was made by the Greek Ambassador on May 26, after we had received your telegram, though in the latter case Canadian support for the admission of Greece to NATO was sought not on the basis of the assurances given by us last September but on the military advantages of such a course to the security of Western Europe and the Near East. A copy of the Note† dated May 25 left by the Greek Ambassador in support of his Government's request is being sent to you by bag.

6. Having already spoken to the Turkish Ambassador along the lines set forth below, we had no alternative but to adopt a similar position with respect to the Greek démarche. Both Ambassadors were orally informed that they could assure their governments that the Canadian Government still maintained the same friendly policy as outlined last September and that if other NATO members more directly concerned, viz., the United Kingdom, United States and France, submitted a recommendation to the effect that Turkey and Greece should be admitted to NATO, we would not oppose it. On both occasions, however, we did go on to add a few

remarks with the object of leaving the impression that this Canadian assurance was not without certain reservations and that in the final analysis Canada would be guided by what was best for the West as a whole. It was pointed out to them that we were all trying to reach the same objective and that the only problem with which we were confronted was how that objective could best be achieved. This could be done in this particular instance either through full admission of Greece and Turkey to NATO or through some other form of alliance, such as a Mediterranean Pact. In no circumstances should a situation be allowed to develop in which the solidarity of NATO would be weakened because in that event the whole fabric of Western defence would similarly be weakened, with serious consequences for Turkey as well as for the rest of us.

7. I am afraid that in giving this statement of the Canadian Government's views to the Turkish and Greek Ambassadors, we have unavoidably gone beyond the intent of the Deputies' recommendation, but I think you will agree that the statement was so phrased as to leave us free to consider, in accordance with the Cabinet conclusion, alternative forms of association of Greece and Turkey with Western defence planning if, after an examination of all the considerations, this proves to be a more desirable solution than admission to NATO.

8. For your own information, there are indications that the State Department may not be irrevocably committed to admission of the two countries to NATO as the only solution to the Eastern Mediterranean defence problem. For example, the United States Embassy here has just told us that in answer to an inquiry from the Italian Ambassador in Washington the State Department had replied that after extensive study they had reached the conclusion that of the different alternatives open to them admission to NATO was considered the best. They had, however, added that this conclusion was in no way final nor was it one which the State Department wished to impose on other NATO members. They looked forward to the fullest exchange of views within NATO with the object of achieving a solution mutually satisfactory to all.

9. This flexible approach on the part of the United States is encouraging. It seems to indicate that there is room for profitable discussion on the basis of the United States memorandum which should lead to an examination of alternatives. For your own information our initial reaction to the memorandum was that it was somewhat unconvincing, particularly from the political point of view, and failed to give cogent reasons why the United States had been prompted to raise this issue now. I will be sending you shortly our comments on questions of substance in this issue in a separate telegram.

458. DEA/50030-V-3-40

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 1316 London, May 29, 1951

TOP SECRET

Reference: Your telegram No. 896 of May 28th.

RELATIONSHIP OF GREECE AND TURKEY WITH NATO

Following for Heeney, Begins: I am glad to have the account set forth in your telegram of the developments in Ottawa on this question. I fully share the view expressed in your paragraph 3 that a final decision in this matter must rest upon a careful and detailed examination of the military problems involved as well as the political factors which have been in our minds. The question of whether the North Atlantic Treaty should be modified in such a way as to include these two countries can only be answered in the light of a full study of the facts. Among the questions which must be raised are the following.

2. Would the inclusion of Greece and Turkey in the Treaty and the extension of the area defined in Article VI to include Greece and European and Asiatic Turkey be regarded by the USSR as provocative?[47] Can sufficient evidence be found to warrant the conclusion that the contribution which Greece and Turkey could make to the common defence would justify the increased commitments involved in their accession to the treaty? Would their inclusion ensure their active participation in the event of Soviet aggression directed against Western Europe or any portion of the North Atlantic Treaty area as now defined in Article VI? The United States memorandum does not deal with the question of what the attitude of the Soviet Union might be in the event of the inclusion of Greece and Turkey in the treaty, yet this is a question of major importance, and the risks involved must be balanced against the increased strength which Greece and Turkey could bring to the coalition. I fully agree, therefore, that a military appreciation by our own Chiefs of Staff is a prerequisite to any further study of the questions involved.

3. You will have noted that the United Kingdom view, as summarized in my telegram No. 1285 of May 25th,† is that as a first step the question should be examined in its military aspect by the Standing Group, and I should think that this is a proposal which we might well support when the United Kingdom view has been expressed in the Deputies.

4. At the Council Deputies meeting yesterday Spofford drew attention to the agreement of the Deputies at the meeting of May 21st to recommend to govern-

[47] L'article VI définit la zone géographique de responsabilité des parties au Traité.
Article VI defines the geographic areas of responsibility of the parties to the treaty.

ments that their position on the question should not be disclosed to the Turkish or Greek Governments. He stated that at the time he had agreed to this suggestion, which had originally been made by the Netherlands Deputy, he had not known that in fact the United States Government had made known its own views to the Greek and Turkish governments. He therefore suggested that each government might, if it wished, make known its own position, but not the position of other governments in discussions with the Turkish and Greek Governments. Hoyer Millar echoed this view and pointed out that a great deal of pressure had been put on the Foreign Office, particularly by the Turkish Ambassador in London, and that it might be necessary to give some indication of United Kingdom views when these had been formulated. The Netherlands Deputy was clearly unhappy about these suggestions and pointed out that if each of the NATO governments were to make its position known to Greece and Turkey individually, the two claimant governments would seek to play off one member against another.

5. You will see, therefore, that in practice it will not be possible to carry out the suggestion made at the meeting of May 21st.

6. I look forward to receiving your comments on the questions of substance involved. Ends.

459. DEA/50030-V-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 920 Ottawa, May 30, 1951

TOP SECRET. MOST IMMEDIATE.

Following for Wilgress from Heeney, Begins: My telegram No. 896 of May 28, 1951 and your telegram No. 1316 of May 29, re relationship of Greece and Turkey with NATO.

1. You will have noted already that we have serious misgivings regarding the wisdom of extending membership to Greece and Turkey. In our estimation the United States memorandum fails to present a convincing political case in this respect. On the other hand, some of the military arguments advanced in the memorandum are undoubtedly valid. It remains to be proven, however, that those military arguments could not be taken care of by some alternative solution, such as a Mediterranean Pact. Our own Chiefs of Staff will be looking into this matter. With regard to paragraph 3 of your telegram, No. 1316, I think that you might well support the United Kingdom proposal that the question should be examined in its military aspect by the Standing Group.

3. Regardless of any military appreciation of the situation, the problem of the admission of Greece and Turkey to NATO is clearly one in which Canada should not be expected to play a prominent role. We should bear in mind the fact that all

the alternatives to admission to NATO, such as those set forth in my despatch No. S-1662 of April 20, for a Mediterranean Pact are of such a nature that no direct Canadian commitment is involved. It would be improper for the Canadian Government to take a leading part in urging a course of action which would involve others in extending commitments although it is quite proper for Canada to comment on any measure which would substantially alter the character of NATO. It seems to me that it would be preferable, therefore, to let those countries more directly concerned carry the main burden of a discussion in the Council Deputies. There are already clear indications that such a process is already under way.

4. I was very much interested in your telegram No. 1316 and think consideration should be given to the question raised in paragraph 2 about the provocative aspect NATO would assume were it extended to Greece and Turkey. These other questions should certainly be discussed as fully as possible. It may be that the military planners in Washington have already come to the conclusion that a Soviet attack on Greece and/or Turkey would immediately lead to a world war. If that is one of the premises on which they base their case for the admission of Greece and Turkey, it becomes even more important that the provocative aspect of the admission towards the USSR be studied.

5. There are other questions which remain unanswered, some having already been posed by NATO Deputies, some others which will emerge during later discussions. It seems that the atmosphere would be clarified if the powers more directly concerned were willing to submit information on such items as:

(i) The reasons for the failure of the existing arrangements whereby Greece and Turkey were to be associated with NATO defence planning in the Eastern Mediterranean;

(ii) The command arrangements in the Eastern Mediterranean on which so little progress seems to have been made;

(iii) The problem of further admission to NATO once the door has been opened to Greece and Turkey. It is evident from your telegram No. 1214 of May 17† that the United Kingdom are concerned about the effect of a departure from the Atlantic aspect of NATO on the relationship of Australia, New Zealand and South Africa with Treaty arrangements in the Mediterranean area. The problem of the acceptance of Western Germany will presumably become more acute if and when Greece and Turkey are admitted.

6. It seems quite clear that irrespective of any legislative requirement for amendment of the Treaty, the Government, on political grounds alone, would wish to seek Parliamentary approval if the admission of Greece and Turkey were officially recommended by the North Atlantic Council, since their admission would constitute a major commitment in the defence of an area in which Canada has not hitherto been involved. Greatest care should therefore be exercised in reaching a decision on an issue which would require action by our own Parliament.

7. The timing of these discussions, as well as of any conclusion which might be reached, is important and should be related to the possibility of a North Atlantic Council meeting in the not too distant future. It seems to us that the Deputies should not attempt to come to a hasty conclusion on such an important issue for the

mere sake of trying to meet a given deadline. It might be that the most satisfactory procedure for the Deputies would be to submit a progress report to the Council for consideration, giving the different alternatives envisaged without making any definite recommendation. Ends.

460. DEA/50030-V-3-40

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 1338 London, May 31, 1951

TOP SECRET

Reference: Council Deputies, 31st May.

RELATIONSHIP OF GREECE AND TURKEY TO NATO

Spofford introduced this subject at to-day's meeting by clarifying a number of points in the United States position. As a result of their preliminary study of the question the United States authorities thought that the inclusion of Greece and Turkey in the North Atlantic Treaty would require the amendment of Article 6, possibly in the form of an addition of the phrase "any part of Turkey" after the reference to the Algerian departments of France. The position was not so clear as to whether an amendment would be required to Article 5,[48] but Spofford confirmed, in reply to a question by Hoyer Millar, that the intention in the United States aide mémoire was to include both "Turkey in Europe" and "Turkey in Asia".

2. The Netherlands Deputy had raised earlier the question of whether modification of the preamble would be required. The preliminary United States view was that there was no need to re-draft the existing preamble, nor was it felt that the concept of the North Atlantic community would be in any way impaired by the inclusion of Turkey and Greece in the treaty. Both countries qualified on the grounds of "common heritage" providing a broad enough implication was given to this criterion. Spofford reminded the Deputies of the provisions of Article 10[49] of the treaty and expressed the view that Turkey was in a position both to further the principles of the treaty and to contribute to the security of the North Atlantic area. He also referred to the fact that Turkey and Greece were members of both the

[48] L'article V oblige les Parties à l'OTAN à considérer « une attaque armée contre l'une ou plusieurs d'entre elles survenant en Europe ou en Amérique du Nord ... comme une attaque dirigée contre toutes les Parties ».
Article V obliges NATO members to treat "an armed attack against one or more of them in Europe or North America ... [as] an attack against them all."

[49] L'article X autorise les membres de l'OTAN à inviter tout autre État européen, par accord unanime, à accéder au Traité.
Article X authorizes NATO members to invite, by unanimous consent, any European state to accede to the treaty.

O.E.E.C. and the Council of Europe, and that Turkey had, in fact, been a charter member of the former organization.

3. Hoyer Millar began his comments with a reference to the reply made in answer to a question in the House of Commons yesterday by the Foreign Secretary on the position of Turkey, the text of which is contained in my immediately following telegram.† He had hoped to give the Deputies earlier notice of the statement of United Kingdom policy contained in Mr. Morrison's reply, but this had not been possible. After reading portions of the reply, Hoyer Millar indicated briefly that the United Kingdom fully supported the desire of Turkey and Greece to improve their security position, and agreed that a closer association of Turkey and Greece with the western defence system must be established by some means. The real question was how this could best be done. The United States proposal with respect to the full inclusion of Turkey and Greece in the North Atlantic Treaty was one of a number of possible solutions. On the United States proposal, the United Kingdom could be likened to the man from Missouri, who said he had to be shown. The difficulties involved in the problems were very real and it would be only on the basis of a thorough and detailed appreciation of both the military and political implications that the United Kingdom Government would be in a position to take a final decision. Hoyer Millar suggested that in order that a common view on this problem might emerge, and as a first step, the Standing Group should be invited at once to look into the military implications of the United States proposal.

4. Alphand made a statement on rather similar lines, agreeing that it was necessary to associate Greece and Turkey with the defence of the west, but insisting that a political decision could only be taken after the Standing Group had completed a careful appreciation of the military facts involved. Alphand suggested that in order to formulate precise questions to be asked of the Standing Group, a small drafting committee might be set up at once. In reply to a query from Spofford asking whether his position was similar to that of Hoyer Millar, Alphand indicated that his government could not take up any definite position before having full information.

5. The Portuguese Acting Deputy made a brief statement to the effect that his government continued not to favour the inclusion of Greece and Turkey in NATO. This implied no lack of esteem for the two countries, and no under-estimation of the important military contribution which they could make. In the view of the Portuguese Government, however, a preferable solution could be reached by working out regional defence arrangements in the Mediterranean in which the principal interested powers would participate. His government felt that the inclusion of Greece and Turkey in the North Atlantic Treaty would radically alter the present Atlantic character of the pact; would modify its present wholly defensive character, and might be regarded as provocative action by the U.S.S.R.; would create a situation in which local conflicts involving a small area might rapidly become large-scale conflicts; and would considerably increase the risk of war.

6. The Belgian Deputy spoke along rather the same lines as Alphand.

7. The Norwegian deputy stated that his government would not wish to see a decision taken on the question until it had been thoroughly studied and carefully considered. He was therefore in agreement with the United Kingdom proposal. In

the opinion of his government, the United States memorandum had ignored the important question of the probable reaction of the Russians to the proposed extension of the treaty. He added his personal view that there was considerable similarity between the position of Turkey and that of Norway in view of the fact that both countries had common land frontiers with Russia. He recalled that the entry of Norway into the NAT had been the subject of a strong protest from the Russians which the Norwegian Government had been able to counter by the assurance that no foreign troops would be stationed in Norway during peace-time. He thought that in assessing the probable reaction of Russia it would be desirable to know whether or not outside troops were likely to be based in Turkey. Military advice might be sought on this point.

8. I stated that consideration of the implications of the United States proposal was continuing in Ottawa and that I was sure you would not wish to see a decision taken before the matter had been carefully studied. Accordingly I indicated my agreement with Hoyer Millar's proposal. I thought, however, that consideration of the political and other non-military aspects of the question might continue in the Deputies concurrently with the examination by the Standing Group. I suggested that the eventual decision might have to be taken by the Council itself at its next meeting. In any event, the Deputies should see that the discussion was sufficiently far advanced for the matter to be considered by the Council if that proved necessary.

9. The Netherlands Deputy expressed views rather similar to mine.

10. The Italian Deputy repeated the support of his government for full membership of both Turkey and Greece. He indicated that he would, however, be prepared to have the Standing Group present an appreciation of the military implications of the proposal if that would not delay a decision too long.

11. The Luxembourg Deputy dissented from the Italian view and expressed his agreement with the statement made by most of the other deputies.

12. At the conclusion of the meeting it was decided that:

(a) The Standing Group should be asked to report on the military implications of the United States proposal;

(b) The Political Working Group (with military participants) should meet tomorrow morning to draft the questions to be put to the Standing Group, after approval by the Deputies, in order to ensure that the latter's response would be sufficiently detailed;

(c) The Political Working Group should also define the non-military aspects of the question (including the juridical as well as political points) and prepare an agenda for further discussion of these aspects by the Deputies;

(d) The Council Deputies should resume discussion of the subject on Tuesday, June 5th.

461. DEA/50030-V-3-40

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 1510 London, June 20, 1951

SECRET

COUNCIL DEPUTIES, JUNE 19TH
RELATIONSHIP OF GREECE AND TURKEY TO NATO

General discussion took place yesterday on the first four of the suggested headings for discussion of the political aspects (Document D-D(51)145 of June 2nd).†

2. On Item I, I made the point in paragraph 4 of your telegram No. 981 of June 9th,† and general agreement was expressed with the view that the desirability of linking Greece and Turkey with the defence of the West had already been settled by the Council. The United Kingdom Deputy also referred to the United Kingdom Government's commitments to Turkey arising out of the Anglo-Turkish Treaty.

3. On the question of the possible reaction to be expected from the USSR or its satellites a number of interesting comments were made. Hoyer Millar said that the Foreign Office view was that should Greece and Turkey be included in NATO there was every reason to expect a fairly violent Soviet propaganda campaign. The real question was whether such a step would be seriously regarded by the USSR as a direct threat, and whether it would provoke a military counter-action. On this point it was impossible to be categorical or definite, but on the basis of available evidence the Foreign Office view was that if the Kremlin calculated that an attack on Turkey would mean a world war, and on the assumption that the Soviet Union is not ready for a world war now, undue weight should not be given to the possibility of Soviet military counter-action. The Foreign Office did not feel that the adherence of Greece and Turkey to NATO would materially affect Soviet plans, nor did they feel that the fear of giving provocation to the USSR should be a decisive factor in coming to a decision on the general question.

4. The United States Deputy, pointing out that he had no specific instructions, expressed the view implicit in the United States memorandum that the adherence of Greece and Turkey would not invoke either a local or a general Soviet reaction. Such a step would merely be an extension of the present defence arrangements into a wider field, but the emphasis would continue to be on the defensive character of the NATO Alliance. The view of the State Department Russian experts was that the Soviet Union would take military measures only when there is more to gain than to lose by so doing. It was felt that the Russians had already accepted the association of Greece and Turkey with the West for military planning purposes, and already counted those two countries as coming within the framework of the western grouping. Propaganda measures could, however, be anticipated.

5. The Netherlands, Norwegian and Danish Deputies took an opposite view. The Netherlands Deputy said that the inclusion of Greece and Turkey in NATO would be considered by the Soviet Union as an encircling movement, and might conceivably provoke military counter-measures. In any event, such a step would lead towards an intensification of the existing East-West tension, and by so doing would increase the existing dangers in the situation. Up to now the North Atlantic Treaty Alliance had been composed of a group of like-minded powers, and great care had been taken not to convey the impression that the alliance was aimed directly at the Soviet Union. The accession of Greece and Turkey to the treaty, however, would point straight in the direction of the Soviet Union.

6. The Danish Deputy echoed this apprehension. His government felt that it was impossible to foretell Soviet reactions, and that this in itself was an additional reason for caution.

7. The Norwegian Deputy, who was also without instructions, said that his own view was similar to that expressed by Van Starkenborgh. He was sure that the Norwegian Government would wish to know the view of the Great Powers, who were much better placed to evaluate Soviet reactions. He felt, however, that the opinion which had been expressed by Hoyer Millar left out the important factor that the Soviet Union was known to be extremely sensitive to happenings on its immediate borders. This, in his view, was a central reason for going slowly in dealing with the problem of Greece and Turkey.

8. The most interesting contribution came from Alphand. He did not dissent from the general view expressed by Hoyer Millar, but sought to narrow down the framework of the discussion. According to French estimates there were 23 Soviet divisions now facing Turkey, and important elements of the Soviet fleet available for duty in Turkish waters. Alphand then raised the following specific question:

(i) In the event that Turkey (and Greece) are associated with western defence in a form as yet undetermined, what attitude will the Turkish Government adopt to the location of NATO bases on Turkish territory?

(ii) Recalling the pressure brought to bear on Norway by the Soviet Union prior to the Norwegian signature of the treaty, and the fact that Norway's signature of the treaty was based upon the understanding that foreign forces would not be located on Norwegian territory in peace-time, would the Turkish Government adopt an attitude similar to that of Norway as a condition of signing the treaty?

(iii) According to French information, a number of aerodromes in Turkey were being expanded to accommodate B36 aircraft. So far there had been no Soviet protests, since this programme was the direct responsibility of the Turkish Government. If, however, as a result of the inclusion of Turkey in NATO there should be a Soviet ultimatum, what would the reaction of the Western NATO Powers be? Even if Soviet military counter-measures need not be anticipated, might not the effect be to retard the present defence programme in Turkey which was now proceeding satisfactorily?

9. In connection with these specific questions, and particularly the question of the attitude of the Turkish Government towards the establishment of NATO bases on Turkish territory, Alphand reported that he had recently had a personal conversa-

tion with the Turkish Ambassador in London, in which the latter had hinted strongly that should his country be admitted to NATO his government had not considered that this would mean that Turkey automatically agrees to the establishment of NATO bases on Turkish territory.

10. The Luxembourg Deputy reported a conversation with the Turkish Ambassador on similar lines. Hoyer Millar made the point that if these conversations faithfully represented the Turkish Government's attitude, the Standing Group's calculations with respect to Turkey's military importance to NATO would be substantially affected. It was agreed that it would be useful for the deputies to seek the views of their governments on the specific questions which Alphand had raised.

11. The Italian Deputy took the opportunity of making a general statement, the tenor of which was that since August 1950 the Italian Government had been convinced that the inclusion of Turkey (and Greece) in NATO was essential. In the view of the Italian Government the arguments in favour of such a course were stronger now than a year ago. Such a course was warranted not only by Italy's friendly relations with Greece and Turkey, but the whole strategic position in the Mediterranean, where the need for establishing effective defence arrangements was urgent. The Italian Deputy referred to the increasing criticism of the West in the Turkish press, and the danger that inaction on our part would stimulate neutralist tendencies in Turkey. In this connection he said that at the beginning of this year the Italian Government had learned that the Soviet Government was interested in keeping Turkey neutral in the event of war. By stimulating neutralism, we were in fact serving Soviet objectives. The Italian Government was fully aware of the technical difficulties, but felt that on the grounds he had indicated, and above all because of the critical situation in the Mediterranean, the inclusion of Greece and Turkey in NATO was a matter of urgency. His government did not think that it was realistic to assume that such action would be regarded by the USSR as provocative. He argued that the character of the North Atlantic Alliance would not be altered by the inclusion of these two new members, and that any aggression against Greece and Turkey could not, in fact, be localized.

12. Under Item III, on the various methods of linking Greece and Turkey with the defence of the West, the discussion was less coherent, partly because it was recognized that headings 4, 5 and 6 were essentially sub-headings of Item III, and the discussion therefore tended to overlap into these other points. It was broadly agreed that the discussion of alternatives might follow the framework of the alternative methods of associating Greece and Turkey summarized in paragraph 2 of document D-D(51)142 of June 5th† (the list of detailed questions for the Standing Group).

13. There was a brief discussion, in which Hoyer Millar and Alphand participated, on the shortcomings of the existing Anglo-Turkish and Franco-Turkish treaties, the outcome of which was that these treaties were inadequate insofar as they committed the United Kingdom and France to go to Turkey's aid in the event of a Soviet attack, but did not imply any reciprocal obligation. Greece was not covered at all by bilateral guarantees.

14. Hoyer Millar also took the opportunity of saying that what Turkey really wanted was a United States guarantee, and that their inclusion in NATO was only

one way of achieving this result. Spofford commented that what Turkey really wanted was to be included in NATO as the best means of obtaining such a guarantee.

15. The Portuguese Deputy threw some further light on the Turkish attitude by referring to his recent conversation with the Turkish Ambassador (who has obviously been pretty busy in the past week) in which he quoted the ambassador as saying that the Soviet Union would be likely to respect the defensive character of the NATO Alliance, but that those countries not included in the alliance were in a much more vulnerable position.

16. While it had been intended only to deal with the first four points, the Netherlands and Norwegian Deputies both commented on item V, i.e., the effect of the inclusion of Greece and Turkey on the concept of the North Atlantic Community. The Netherlands Deputy stressed the regional and cultural basis of the present association, and the fact that it was more than a merely military alliance. From an organizational point of view the problem was difficult enough with twelve members, but would become infinitely more complicated with the addition of two more members, particularly if the countries concerned were not essentially western in outlook. Finally, he referred to the existing difficulties with the Standing Group, and raised the question whether the inclusion of Greece and Turkey would not increase the security problems and difficulties.

17. The Norwegian Deputy spoke in the same sense, and referred to the ultimate goals of the North Atlantic Treaty which had been interpreted in some quarters as leading towards a more integrated Atlantic union. His government was not impressed with Greece and Turkey's "western" associations. While no doubt the government and intellectuals had a western orientation, the fact was that 80 percent of the Turkish population were peasants, living in Asia Minor. The modification in the basis of the treaty association which their inclusion would involve might make it more difficult to obtain the support from our respective public opinions for the idea of an Atlantic Community.

18. The Portuguese Deputy took a similar line, stressing that Turkey and Greece were not in the "same circle" as the present NATO powers.

19. The discussion on Greece and Turkey continues today.

20. Action required:

(1) Your comments on the specific points listed in D-D(51)145 at as early a date as possible;

(2) Any comments which you wish to make on the specific questions raised by Alphand, as outlined in paragraph 8 above.

462. DEA/50030-V-3-40

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 1526 London, June 21, 1951

SECRET

RELATIONSHIP OF GREECE AND TURKEY TO NATO

Council Deputies, 20th June, relationship of Greece and Turkey to NATO.

The discussion was continued yesterday on non-military aspects. Hoyer Millar expressed sympathy with the views which had been put forward at the previous meeting by the Netherlands and Norwegian Deputies under points 5 and 6, dealing with the effect of the inclusion of Greece and Turkey on the concept of the North Atlantic community and the existing NATO structure. The inclusion of Greece and Turkey would, to a certain extent vitiate the original idea on which the treaty had been founded. The Foreign Office view was, however, that if the defence aspect of the treaty is to be regarded as primary, and if in the interests of NATO defence the admission of Greece and Turkey is required, the effect on the North Atlantic community concept should not be a determining factor. With reference to the earlier comment of the Netherlands Deputy that there would be greater organizational difficulties, Hoyer Millar was inclined to agree, but pointed out that Greece and Turkey were not unused to working with other western countries. Further, the Foreign Office considered that Greek and Turkish military security was up to standard, and little additional security risk from a military point of view would arise from their inclusion.

2. I indicated that the Canadian position was broadly similar to that of the United Kingdom. We considered that a thorough examination of military considerations was necessary before final decisions could be taken, and we were therefore awaiting the Standing Group reply to our questionnaire. I expressed the view, however, that an extension of the treaty to include Greece and Turkey would radically alter the original conception on which the treaty was based, and would subordinate this original conception to military requirements. We had placed considerable emphasis on the significance and long-term objectives of Article 2, which went beyond the purely military aspects of the treaty, and which would be to some extent complicated by the inclusion of the two new members proposed. Our conclusion, however, was that the military arguments had first to be carefully studied.

3. The Netherlands Deputy clung tenaciously to his earlier points that their inclusion would bring in an alien element to our association. Greece was fundamentally interested in Balkan questions, while Turkey's primary interests were in the Near East. Further, his fear was that with the enlargement of the NATO countries from twelve to fourteen, the danger was that many important decisions would of necessity be taken within a smaller group. This would decidedly be a retrograde step.

4. The Italian Deputy did not deny that the original NATO concept would be affected, but insisted that the inclusion of the two countries would greatly strengthen the military side of the association.

5. Spofford, in commenting on the Netherlands points, took the view that the present geographical area covered by the North Atlantic Treaty was itself far from compact, and that there was already a wide geographical distribution within the framework of the treaty. His view was that Turkey had both a European and a Middle East aspect. But he pointed out that in the United States there were many people who held the view that primary attention should be devoted to the Pacific area, yet this did not prevent the United States from playing an active part in the defence of Western Europe. On the question of the workability of the new arrangements, he agreed that our task would not be made easier by widening the circle, but pointed out that many other international bodies, e.g., the OEEC, had a considerably larger membership than that of NATO, and still managed to do effective work. In expressing these views, Spofford made it clear that he had not had specific instructions on these points from the State Department.

6. The discussion then turned to the juridical and parliamentary difficulties in the way of the various forms of association, but since the other methods of association have not yet been fully discussed, main emphasis was placed on the difficulties which would arise in including Greece and Turkey in NATO.

7. Hoyer Millar expressed the view that the various possible methods of association should be fully discussed and said that the view of the legal adviser of the Foreign Office was that while amendments to Articles V and VI would be required, this could be done by means of a supplementary protocol rather than by actual treaty amendment. This point was not discussed in detail, although the Belgian and Netherlands Deputies said they could see very little difference in the effect of the two methods.

8. It was apparent from the general discussion that most governments would be required to consult parliaments if any modification of the treaty were required. The French Acting Deputy made it clear that the French Government was specifically bound to bring before the Chamber of Deputies any proposal to extend the present treaty membership. The United States position was that no amendment would be required to the preamble, or to Article V, but that as indicated in para 1 of my telegram 1338 of May 31st Article VI would need amending on the lines indicated in my earlier message. The accession of Greece and Turkey to the treaty would require ratification by the Senate. There was a brief discussion of other parts of the treaty which might require modification, the Netherlands Deputy taking the view that the preamble would probably need to be altered, and also Article X. The specific points, however, were not covered in detail.

9. In the general discussion concerning Article 6 Hoyer Millar indicated that the United Kingdom Government would have to reserve the position of Cyprus, which at the moment is not included in the area covered by the treaty.

10. On Item 8 — financial and economic implications of the various methods — both Hoyer Millar and Spofford thought that the inclusion of Greece and Turkey would not substantially affect the present financial and economic arrangements.

The Turks were already receiving MDAP aid. The problems of infrastructure in their area, Hoyer Millar suggested, would be primarily a matter for the Greeks and Turks themselves, while the problem of their contribution to SHAPE and the subordinate commands would also have to be dealt with.

11. On Item 9, concerning other possible applications for membership, the Netherlands Deputy raised the question in general terms by pointing out that if the admission of Turkey was to be based on purely military considerations, such considerations might also operate in the case of other countries. The Portuguese Deputy was quick to seize the opportunity of pointing out that should parliaments come to discuss the admission of Greece and Turkey, the question of Spain would likely arise at the same time. Hoyer Millar made the interesting contribution, based on Foreign Office estimates, that while pressure for Spain's admission from "certain quarters" might be expected, the United Kingdom was already used to such pressure, and no new situation would be created. Yugoslavia was another possible country whose admission might be raised, but he thought it unlikely that the Yugoslavs would wish to provoke Russia by seeking admission. Increased demands might be expected from the Western German Government, but the Foreign Office felt that this involved long-term problems which need not be taken up at present. Finally, claims might be made by certain Middle Eastern countries such as Iraq, Jordan and the Lebanon. The Foreign Office thought, however, that these claims were not particularly strong, and could be "ridden off". Summarizing, Hoyer Millar said that the Foreign Office feeling was that the fact that other demands might be raised was not in itself a sufficiently strong argument to deter us from going ahead on Greece and Turkey if other considerations pointed in that direction.

12. The French Acting Deputy agreed that the inclusion of Greece and Turkey might involve increased pressure for admission to NATO by other Middle Eastern countries.

13. It may be expected that in our forthcoming discussions there will be fuller study of the points covered in this preliminary review, with particular emphasis on the alternative methods of associating Greece and Turkey. Following this discussion the intention is to request the Political Working Group to prepare a general summary of the position.

463. DEA/50030-V-3-40

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 1089 Ottawa, June 27, 1951

SECRET

Following for Wilgress from Heeney: Your telegrams No. 1510 of June 20 and No. 1526 of June 21 re relationship of Greece and Turkey to NATO.

The exchange of views reported in your telegrams under reference has been extremely helpful and interesting. I realize that you might have wished to have more definite instructions in order to make a better contribution to these discussions but there were and still are certain definite limits imposed on our participation, the most important ones being the assurances already given to the Greek and Turkish Governments, the Cabinet's conclusion that we should endeavour to avoid a hasty decision in order to permit a thorough examination of alternatives to admission to NATO and, thirdly, the fact that any alternative to full admission to NATO would involve direct commitments for others but not for Canada.

2. In some respects, the Deputies' discussions have clarified the issue but nothing could be done to redress a balance which has been upset by the United States when they publicly committed themselves to supporting Greece and Turkey for full admission. The discussion must be most irritating to the United States and appear inordinately long to the Greeks and Turks while it is particularly distasteful to those countries like France and Scandinavia which cannot see their way clear to accepting a United States recommendation which has already been made public.

3. Since the Minister is in London, you will have some opportunity I am sure of discussing this matter with him. He will tell you that at the official level we share many of the misgivings expressed in the Deputies and conveyed to you in earlier telegrams. At this stage in the negotiation, and subject to the Minister's concurrence, you might wish to make the following points when the discussions are resumed:

(a) You might draw attention to the fact that virtually no consideration appears to have been given to any method other than full admission to NATO. As long as this is the only method under discussion, the meetings might well not only continue to be inconclusive but they could also be harmful unless a way is found to reconcile the different points of view. It may be, for example, that if consideration were given to the possibility of a Mediterranean pact, it would become apparent for a variety of reasons that such a pact would be unsatisfactory to most of the countries concerned. Full admission to NATO would then become much easier to accept for those countries which cannot see their way clear at this stage openly to accepting the United States recommendation.

(b) The point raised by Alphand with respect to the attitude of the Government of Turkey to the location of NATO bases on its territory raises an important issue and no considered progress can be made until it has been solved. It is hoped that the Standing Group's military appreciation will deal with this and related problems.

(c) You point out in paragraph 10 of your telegram No. 1526 that the United Kingdom and United States contend that the inclusion of Greece and Turkey would not substantially affect present NATO financial and economic arrangements. It seems to us that the financial implications of such a move cannot be accurately assessed until the proposed military programme for those two countries is worked out in some detail. We presume that the problem of infrastructure will apply in proportion to the use which NATO forces will wish to make of Greek and Turkish territories.

(d) You might let the Deputies know that it is now certain that parliamentary approval would be required in Canada if it should be decided that Greece and Turkey should be accepted as full members of NATO. Parliamentary approval would probably take the form of the submission of a resolution to both Houses of Parliament. It would be impossible to obtain such approval before the late autumn when Parliament next assembles. (The session is to begin October 9).

4. You may already be aware that the Standing Group has asked the Military Representatives Committee to obtain their countries' comments on D-D(51)142.† This questionnaire was therefore submitted to our Chiefs of Staff for their comments. A copy† of their reply is being sent to you for your own information together with this Department's comments. Ends.

464. DEA/50030-V-3-40

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 1596 London, June 27, 1951

SECRET

Reference: Council Deputies June 25th.

RELATIONSHIP OF GREECE AND TURKEY TO NATO

A further general discussion took place on various possible methods by which Greece and Turkey might be linked with western defence.

Extension of Existing Bilateral Arrangement

2. The French acting deputy pointed out that with reference to the Anglo-French Turkish agreement, the principal difficulty was that the obligation was not reciprocal. Thus these existing bilateral agreements were inadequate to accomplish the central task of linking Greece and Turkey in adequate defence arrangements with the western powers.

3. The United States deputy explained that the view of his government was that a United States guarantee to Greece and Turkey through bilateral arrangements would run counter to the basic United States policy which has been developing in recent years, in which the emphasis is placed on regional collective security arrangements. The United States administration would be most reluctant to modify this existing policy in the direction of bilateral arrangements, which would be out of line with the broad lines of the United States approach to security questions. In addition Spofford thought that both the Greek and Turkish Governments would prefer a collective, rather than a bilateral guarantee. The United States authorities did not think the solution of the present problem could be found either in the extension of existing bilateral arrangements on the lines of the Anglo-French Turkish Treaty, or by an additional supplementary bilateral guarantee by the United States.

In addition to the administration's preference for collective security arrangements, as opposed to bilateral arrangements, in the defence field, the attitude of Congress also had to be borne in mind, and on this point Spofford thought the extension of security arrangements through a bilateral guarantee would be far more difficult to obtain than a regional arrangement.

4. Hoyer Millar made the observation that from the practical point of view the difference between extending bilateral arrangements and including Greece and Turkey in NATO was perhaps more apparent than real. In the event of a Soviet attack on Turkey the provisions of the Anglo-Turkish Treaty would come into play, and a Soviet attack on the United Kingdom could be anticipated, i.e., in effect it was difficult to imagine the possibility of an isolated attack on Greece and Turkey.

5. This gave rise to some general discussion of the nature of the obligation under Article V, and there was general agreement with the French acting deputy that even if Turkey were a full member of the North Atlantic Treaty, her belligerency in the event of an attack in the North Atlantic area need not necessarily be taken for granted. If Turkey were a full member of the treaty, and if it were considered that in the common interest Turkish neutrality was more advantageous at the outset than belligerency, this presumably could form the subject of prior consultation by Turkey and the other parties to the Treaty. Hoyer Millar added that while there was every disadvantage in having a neutralized Turkey, there might possibly be certain military advantages in a neutral Turkey (in somewhat the sense in which she was a "neutral" in the last war).

Regional Arrangements in the Eastern Mediterranean

6. Hoyer Millar said that the Foreign Office was in general agreement with the arguments set forth in paragraph 4 of the United States memorandum of May 21st against a Mediterranean pact. The possibility of a Mediterranean pact had not been given detailed or extensive study in the Foreign Office, principally because the defence problem with which we were faced had to be viewed in its short-term aspects, whereas the Mediterranean pact was a longer-term proposition. It should not be forgotten, for example, that Israel and Egypt were still technically in a state of war. In any event, conditions in the area did not provide a satisfactory basis for such a regional arrangement. It was clear from his remarks that the Foreign Office is particularly concerned about the dangers involved in placing Egypt in a central role. Spofford said that he had little to add to the views already expressed with regard to a Mediterranean pact in the original United States memorandum.

7. I made the comment that without having come to a firm decision at this stage as to the relative advantages or disadvantages of a Mediterranean or Middle Eastern pact, we should not dismiss the possibility that such a pact might have so real merits. The area of the eastern Mediterranean and Middle East was still in a fluid political state and it was difficult to foresee at this stage what might ultimately emerge. It was possible that some limited form of association for defence purposes might be developed in the area with a provision for subsequent accession by other countries as conditions changed. A regional arrangement of this limited character, which might, for example, embrace initially the great powers as well as Greece and

Turkey, would only have to be submitted to the parliaments concerned rather than to the parliaments of all 12 NATO countries.

8. It was clear from the subsequent discussion that the Norwegian, Danish and Netherlands deputies felt that there was some merit in the idea of a more limited regional association in the eastern Mediterranean and Middle East in which the three great powers would participate, and that this might provide a possible alternative method of covering the position of Greece and Turkey.

9. The Italian deputy did not disagree that there might be some advantages in a Mediterranean pact, in which he indicated Italy would participate, but thought this was a long-term proposition which would not solve the immediate problem of NATO defence.

10. In this general discussion it was clear that neither the United Kingdom nor the French deputies were opposed in principle to the idea of a regional pact, but felt that the details of such a regional arrangement might take a long time to work out in practice.

Extension of Present Arrangements for Associating Turkey with NATO Defence Planning

11. The Belgian acting deputy suggested that a fruitful approach to the problem would be to consider whether or not the arrangements worked out by the council at its last meeting might not be extended to provide in some way for associating Greece and Turkey more formally with the North Atlantic Treaty in respect only of its military provision. The details of this suggestion were not considered fully, but the Belgian representative thought an arrangement might be worked out to provide a juridical basis for associating Turkey only with the security provision of the treaty. Spofford raised the question as to whether this would not look like "a second class membership", but it was clear that this possibility would have to be further explored.

12. One further point of interest (arising out of the reports of discussions with the Turkish Ambassador referred to in my telegram No. 1510 of June 20th) was raised by Hoyer Millar, who said that in conversation with the Foreign Office the Turkish Ambassador in London, on June 21st, had clearly given an indication that he was aware of the general tenor of the discussions taking place in the Deputies. For example, with regard to the question of the establishment of NATO bases in Turkish territory which he understood had been raised by one of the deputies, the Turkish Ambassador had made it clear that if Turkey were to join NATO as a full member she would accept all obligations involved, including NATO bases on Turkish territory. Apart from this specific declaration of Turkey's intentions, a number of deputies expressed alarm at the fact that there had been a leak to the Turks on our current discussions, and it was agreed that each deputy should emphasize to his own government the importance of preserving the security of these talks.

13. Finally, the Norwegian and Netherlands deputies indicated that their governments had each received an official communication from the Turkish Government to the effect that speedy and unreserved action to approve the United States proposal would be taken as a token of friendly feelings towards Turkey.

14. The discussion on Greece and Turkey will continue on Tuesday morning.

465. DEA/50030-V-3-40

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 1661 London, July 5, 1951

TOP SECRET

Council Deputies Meeting July 5, 1951.

RELATIONSHIP OF GREECE AND TURKEY TO NATO

2. The Deputies consideration of this problem was considerably advanced today principally as the result of forthright statements made by the Norwegian and Danish Deputies outlining their governments views on the best method of associating Greece and Turkey with western defence. The Norwegian Deputy speaking on instructions said that his government recognized the just claim of Greece and Turkey to security and would welcome any suitable arrangement (which would clearly have to be developed within the framework of the principle of collective security) for meeting their defence needs. The Norwegian Government felt, however, that the method of full membership in NATO proposed by the United States was not the best possible solution. Indeed Bryn said that his government "could not be a party" to the solution proposed in the United States memorandum of May 21 which would change the whole basis of the North Atlantic Treaty. It was important to preserve the regional character of NATO, a point which Bryn said had been implied in the official United States reply to the request made by the Secretary-General of the United Nations as to the intentions of individual United Nations Governments under the "Uniting for Peace" resolution. Further, his government thought that the maintenance of the existing character of the North Atlantic Treaty Organization was a pre-requisite for the gradual development of that closer Atlantic union towards which many people in the North Atlantic area aspired. Bryn drew a parallel between the world-wide commitments of the Great Powers and the limited commitments of the other members of NATO, most of whom did not accept the Middle East as a direct defence responsibility. It was important not to undermine, by overextending the commitments of the North Atlantic Treaty Organization, the public opinion within each NATO country which was a substantial source of the organization's strength. The Norwegian Government was fully cognizant of the importance of Greece and Turkey to the defence of the west but felt that the political disadvantages of full membership were overriding. As a consequence it was necessary to examine possible solutions other than full membership. The Standing Group had come to the conclusion that either full membership of NATO, or the inclusion of Greece and Turkey in a Mediterranean or Middle East pact, would be practicable solutions to the problem. The Norwegian Government hoped that early and careful

consideration would be given to this latter possible solution. It would be well worthwhile exploring the extent to which a basis existed for a Mediterranean or Middle Eastern pact or defence arrangement including in its membership the three Great Powers and such other NATO or non-NATO countries as might be willing and able to participate in such a regional arrangement. It would clearly be of great importance to develop adequate measures by which such a regional pact might be linked with NATO for military planning purposes. The general problems of the scope of the pact and its character could, of course, only be worked out by the governments directly interested. Bryn concluded his Statement by urging that the Deputies should give serious consideration to this possible solution. In concluding he expressed the view that the question of the relationship of Greece and Turkey to NATO could only be finally dealt with by the Council itself.

3. The Danish Deputy followed Bryn in making a statement on behalf of his government on similar, though less effective, lines. He made it clear that the views of the Danish Government were not based upon any selfish fears that the inclusion of Greece and Turkey in NATO would mean the diversion of defence forces from Western Europe to the Eastern Mediterranean, pointing out that his government agreed that Greece and Turkey deserved material assistance and support in meeting their defence requirements. The hesitations of the Danish Government were due to the disadvantages which would follow from the extension of the NATO area beyond its natural boundaries. Here the Danish Deputy referred to the views which had recently been expressed by Mr. Pearson concerning the long-term goal of an Atlantic community of friendly nations united by a common culture and common traditions. His government felt that only military considerations of the greatest urgency would justify diverting attention from this goal and altering the present character of the pact. It was felt that the admission of Greece and Turkey to NATO would not necessarily prove a military advantage either to NATO or to Greece and Turkey themselves, and that the inclusion of Turkey would be regarded by the Soviet Union as an act of encirclement and would create increased international tension. The admission of Greece and Turkey would increase the obligations of the present members under Article 5 and there would be no advantages in committing Western European countries to the direct defence of the Middle East. Like Bryn, the Danish Deputy referred to the importance of ensuring the continued support of public opinion in our own countries. While he made it clear that his government had not yet taken final action on the views of the Standing Group, they agreed that the organization of the defence of the Middle East was a matter of urgent importance. At the same time they felt that the problem of the Middle East would not be solved simply by admitting Greece and Turkey to NATO. The Danish Government, therefore, hoped that the possibility of a Mediterranean or Middle East pact embracing the countries able and willing to join in the defence of the area could be given careful consideration.

4. These two statements, the texts of which are to be circulated, both made a considerable impression. Alphand made a most useful intervention to the effect that he had been greatly impressed by the two statements and that his government, while not yet in a position to take a final position, thought that a Mediterranean-Middle East pact was "a possible solution and perhaps preferable" to that proposed

in the United States memorandum. His own view was that such a pact would go a long way to fit the facts of the position of Greece and Turkey and the security of the Middle East area. The question remaining, and it was one of real importance, was to find the means by which such a regional pact in the Middle East could be linked to the NATO command structure. This could presumably be done either by extending the present responsibilities of the Standing Group, or by reaching technical agreements between SHAPE and the command structure which might be established in the Middle East area. The final view of the French Government on the proposal put forward by the Norwegian Deputy would depend in large measure on the effectiveness of the arrangements which might be made to link the two regional systems.

5. Spofford agreed that the Norwegian and Danish statements should be given careful study but at the same time took the opportunity of making the point that the United States authorities had already looked at the question of a Mediterranean treaty and had raised the objections listed in paragraph 4 of the American memorandum of May 21.

6. The Belgian Deputy thought that it would be useful to establish the extent to which the Deputies were in broad agreement with the main conclusion of the Standing Group as set forth in S.G. 80/3,† i.e. that two solutions are militarily practicable. While most Deputies were without specific instructions, the general view expressed was that there was no substantial reason to differ from this broad conclusion reached in the Standing Group's paper.

7. As a result of the Norwegian and Netherlands statements, it may be assumed that the Deputies will now proceed to examine more fully the possibility of a Mediterranean or Middle East arrangement, linked in some way yet undefined with NATO.

8. Our discussion of Greece and Turkey was concluded with a reference by Spofford to one or two outstanding points on which he had recently received instructions. On the question of possible Soviet reactions to the conclusion of a security arrangement with Greece and Turkey, Spofford said that the United States view was that the Soviet Union was unlikely to precipitate a general war as an immediate result of a security arrangement associating Greece and Turkey with western defence. The most likely possibilities were the intensification of psychological warfare, coupled with political and economic pressure on the Near East area, and possibly diplomatic action in the United Nations and elsewhere.

9. Spofford also dealt with the three questions originally raised by Alphand (see paragraph 8 of my telegram No. 1510 of June 20). On the question of the attitude of the Turkish Government to the location of NATO bases on Turkish territory, he said that in the view of the United States authorities, Turkey would grant base rights on the same basis as other NATO members in the event of their admission to the organization. It was not, however, possible to forecast the nature or extent of the additional programme which might be required in Turkey. On the second question as to the pressure which might be brought to bear on Turkey by the Soviet Union, while no definitive answer was possible, the United States thinking was that the Soviet Union had for some time been aware of the present Turkish airfield pro-

gramme and its transformation to a NATO basis would presumably not substantially modify their present attitude. In the event that an attempt at intimidation is made by the Soviet Union, possibly in the form of an ultimatum, the decision would reside, in the first instance, with Turkey which would have to decide what policy should be adopted in the circumstances. Spofford added that it might be necessary for NATO to give due recognition to the Turkish position as an immediate neighbour of the Soviet Union. Finally, on the question of the possible effects on the present defence programme in Turkey, the feeling was that there was no reason to assume that this programme would be retarded in any way.

10. At Alphand's suggestion it was agreed that great care should be taken in communicating with governments the substance of these United States views, particularly with reference to the possibilities of a Soviet protest.

466. DEA/50030-V-3-40

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 1664 London, July 6, 1951

TOP SECRET

Reference: My telegram No. 1661 of July 5.

RELATIONSHIP OF GREECE AND TURKEY TO NATO

1. We have been giving preliminary thought to the proposal of the Norwegian Government that the problem of associating Greece and Turkey with western defence should be explored on the basis of their inclusion in a regional security pact in the Mediterranean-Middle East area in which, initially, the three Standing Group powers, and Italy, would also participate.

2. Such a pact need not necessarily be envisaged as an exact replica of the North Atlantic Treaty Organization with its elaborate machinery of political, defence production, and financial and economic agencies which have been established. Its primary, indeed, sole raison d'être would be:

(a) To provide for the development of a workable military plan and the necessary force contributions for the defence of the area (the definition of the area would, of course, be primarily a matter for decision by the participants);

(b) To provide the necessary command structure for the defence of the area in which representatives of the participant states would participate; and

(c) At a subsequent stage to permit the accession of other states in the area, or other states prepared to contribute to the defence of the area, on some basis to be determined.

3. As Mr. Alphand pointed out the important point will be to make adequate arrangements to link such a regional structure with NATO. In our view this could

be done through the Standing Group whose members would wear "two hats". In one capacity they would be responsible for the direction of the higher strategy in NATO and in the other, in the Middle East area. We would envisage the Supreme Command in the area coming directly under the Standing Group as a parallel command to SHAPE.

4. It would presumably also be necessary to have a parallel agency to the Military Representatives Committee which would include representatives of the participant countries in the Middle East regional arrangement and which would meet with the Standing Group quite separately from the Military Representatives Committee of NATO. While the question of what type of political organization would also be required is, of course, one for the participant governments, presumably on the pattern of NATO, they would wish to establish some form of ministerial council to exercise political supervision over the regional military planning. As we see it, however, there would be no need for an elaborate defence production setup since this aspect could be dealt with through existing machinery. Possibly some supply board coming under the Supreme Command, Middle East, on the lines suggested during the recent meeting of Commonwealth Defence Ministers by the Southern Rhodesian Minister of Finance would be adequate to meet the regional requirements in this field.

5. Thus what would be required essentially would be a considerably abbreviated pact which would not require any provision on the lines of Article 2 of the North Atlantic Treaty, but which would deal entirely with the reciprocal security obligations of the signatories. The practical effect of such a regional defence arrangement in the Middle East area, in which the three Standing Group powers would participate, would be to widen the area of Article 6 of the North Atlantic Treaty. On military grounds, however, it seems that this wider commitment is inescapable whichever solution is finally adopted. The advantages of the solution of a regional arrangement in the Middle East area would seem to be that it would meet the security requirement and, at the same time, enable NATO to develop along the lines originally contemplated.

I am repeating this telegram to the Minister in Stockholm as No. 12.

467. DEA/50030-V-3-40

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-1392 Ottawa, July 10, 1951

TOP SECRET

Reference: My Telegram 1383 of July 7, 1951.†

RELATIONSHIP OF GREECE AND TURKEY TO NATO

1. You will have noted that London telegram 1656† is by way of a response to the suggestion contained in paragraph 5 of your WA-2667 of June 28, 1951,† for suggestions as to any points which you might profitably talk over privately with the State Department, and that Wilgress is of the opinion that such a discussion might concentrate on the reasons why it should not be feasible to conclude a separate Mediterranean or Middle East pact as an alternative to the inclusion of Greece and Turkey as full members of NATO. Wilgress is evidently of the opinion (which is fully borne out by the account of the Deputies' latest discussion contained in his telegram 1661 of July 5) that the Norwegian, Danish and, to a lesser extent, French Governments are firmly opposed to the admission of Greece and Turkey to NATO as full members and that any further efforts to press forward with the United States proposal are likely to arouse lasting resentment among the existing members and render a unanimous decision on this issue impossible to achieve. For this reason and a number of others of a technical nature outlined in his telegram 1566, Wilgress is convinced that a Mediterranean or Middle East pact has many advantages over the United States proposal, and his telegram 1664 elaborates his personal views as to how such a pact might be brought into being.

2. If you can see no objection, we think that there might be some value as Wilgress suggests in having a private discussion with State Department officials of the possibilities of their re-examining the suggestion for a Mediterranean or Middle East pact. You might use as a starting point for such a discussion your wish to talk over privately with them the possible ways out of the stalemate which seems to have developed in the Deputies as a result of the firm opposition voiced by Norway and Denmark to admission of Greece and Turkey to NATO, a situation which the United States naturally could not have foreseen on May 21 when it analysed the advantages and disadvantages of a Mediterranean Pact and concluded that the latter outweighed the former. In short, a new situation has arisen which suggests a re-examination of this particular alternative which, incidentally, is one of the two feasible courses of action recommended by the Standing Group.

3. If the State Department is disposed to exchange views with you on this problem it might be well to use Wilgress' detailed suggestions with the utmost discretion as we wish to avoid at all costs the impression that anything in the nature of a "Canadian Plan" is being advocated. Although a solution along the lines of a Mediterranean or Middle East pact would suit our own requirements best in this instance, it would obviously be improper for Canada to sponsor actively a proposal which would involve commitments for others but not for us.

468. DEA/50030-V-3-40

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-2808 Washington, July 11, 1951

TOP SECRET. IMPORTANT.

Reference: EX-1392 of July 10 and EX-1383 of July 7.†

RELATIONSHIP OF GREECE AND TURKEY WITH NATO

1. In accordance with your suggestion, we had a further informal talk with Ridgway Knight, Acting Director of the European Regional Office at the State Department, on July 11, on the basis of the points outlined in your EX-1392.

2. We referred to the stalemate which has apparently developed in the Council Deputies as a result of the firm opposition expressed by Norway and Denmark (and, to a less extent, France), to the admission of Greece and Turkey to NATO, and invited informal discussion on the alternative scheme of a Mediterranean or Middle East pact, which had been suggested in the Council Deputies and had been mentioned by the Standing Group as a feasible course of action.

3. In reply, Ridgway Knight said that the reaction of the State Department would be that an exchange of views with us on this problem would, at the moment, be premature. The State Department was well aware of the firm opposition expressed by Norwegian and Danish Deputies. As a consequence, they would regard the first stage in the discussion of this problem in the Council Deputies as having been concluded and that a short period would now have to follow in which the governments concerned would have to reconsider the problem in the light of that discussion. Knight emphasized that he hoped this interval would be very short indeed. Consultations were currently going on in the State Department on what should be the next step and he was, therefore, not in a position to enter into any discussions with us.

4. He said that he would not like us to believe however that there was any indication that the United States Government would shift its position of favouring the outright admission of Greece and Turkey to NATO. They were prepared, of course, to reconsider the alternative course of a limited regional pact in the Mediterranean. He observed, however, that a limited regional pact in the Mediterranean was regarded by the United States authorities, both military and civil, as less desirable on balance than the extension of NATO to Greece and Turkey. He observed that the Standing Group had also regarded a Mediterranean pact as a less desirable alternative solution.

5. He recalled that the attitude of the United States Government proceeded from the assumption that the security and the defence of Western Europe, extending from Scandinavia to the Eastern Mediterranean, should be regarded as an indivisible

unit. Any major attack by Soviet forces on any country in this area, including Turkey or Greece, would, in the opinion of the United States, start a general war. An important question which would have to be explored, was whether a separate Mediterranean security treaty would in fact ensure that Greece and Turkey would go to war in the event of a Soviet attack on Western Europe, including Scandinavia. It would seem from the position taken by the Scandinavian countries, Knight suggested, that these countries wish to have the assurance of Turkish and Greek assistance in the event of an attack on Western Europe, without accepting any parallel commitment themselves and would leave it to the United States and a select group of NATO countries to accept additional commitments in the Mediterranean area.

6. He indicated that he might be in a better position to discuss this matter further at the beginning or middle of next week when the United States position had been clarified. In the meantime, the discussion in the Council Deputies on this question, he understood, would be suspended.

7. Knight also offered a further clarification on the question of the attitude of the Turkish Government to the location of NATO bases on Turkish territory. Elaborating on what Spofford was reported to have said at the Council Deputies meeting of July 5, (according to telegram 1661 from London), Knight said that the Air Force bases now being established in Turkey are intended only to meet the requirements of the Turkish Air Force. The United States military authorities, he said, are not entirely satisfied that the present programme of bases is sufficient to meet the needs of Turkish defence. As to the possibility of United States requests for Turkish bases for the needs of the Strategic Air Command, Knight said that the possible requirements for this purpose have not yet been defined. The reference to possible Strategic Air Command requirements in the Standing Group paper referred to contemplated military needs, but this did not mean that the United States Government would necessarily expect the Turkish Government to grant these facilities. Indeed, he reiterated the point made to us previously, (as reported in WA-2667 of June 28†), that if the Turkish Government found it necessary to enter an express reservation (similar to the Norwegian) in adhering to NATO with regard to establishment of bases in peacetime, owing to the propinquity of the USSR to Turkey, the United States Government would respect that position and would not expect Turkey to provide bases, except those which would be necessary for the defence of Turkish territory.

469. DEA/50030-V-3-40

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 1782 London, July 17, 1951

TOP SECRET

Reference: My telegram No. 1780 of July 17.†

RELATIONSHIP OF GREECE AND TURKEY WITH NATO

As you will be aware, for the reasons outlined in paragraph 1 of your telegram No. 1089 of June 27, our position throughout the discussion of this important issue in the Deputies had been a difficult and embarrassing one. Ample opportunity has been given to the Deputies to set forth their viewpoints on this issue, which is clearly of great concern to all the members of NATO, and with the exception of Iceland I think we are the only country which has not expressed a general view on substance of the possible solutions which have been envisaged.

2. While I recognize the difficulties involved on our side, and particularly the fact that assurances in general terms were given some time ago to the Greek and Turkish Governments, I cannot help but feel that on a matter of such major importance to NATO we must ourselves look at the whole question in the light of the arguments which have been presented for the two main solutions of full membership and a Mediterranean pact, on which at this stage it seems that the Deputies are likely to settle. The argument that we should not urge a solution which would involve direct commitments for others but not for Canada should not, I think, be given too much weight, since after all the solution, for example, of a Mediterranean pact would, in fact, extend Canada's defence commitments, since essential to such a solution will be the working out of the necessary links for mutual defence purposes with the NATO structure.

3. From the discussions so far you will have noted the fact that among our Western European partners the objections to the solution of full membership in NATO are strongly held, and it is most unlikely that there will be any shift in the positions of countries such as Norway and the Netherlands until the matter is discussed in the Council itself. In view of the fact that at the Council meetings we shall be required to take a stand on the alternative solutions, I think there is every reason to formulate our ideas as rapidly as possible, and to give some preliminary indication in the Deputies as to where we stand. So far as our assurances to the Greek and Turkish Governments are concerned, it was pointed out in your telegram No. 897 of May 28 that the statements made to their representatives in Ottawa leave us free to consider alternative forms of association of Greeks and Turks with western defence planning if, after examination of the considerations, this proves to be a more desirable solution than admission to NATO.

470. DEA/50030-V-3-40

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 1317 Ottawa, July 24, 1951

TOP SECRET

Your telegram No. 1782 of July 17, 1951 re Relations of Greece and Turkey to NATO.

Following from the Under-Secretary, Begins: We realize that throughout the discussion of this issue you have been placed in a difficult position as we have not been able to instruct you to make a clearcut and definite statement of Canadian policy. As it has not been possible for us to offer uncompromising opposition to the admission of Greece and Turkey and as we do not wish to put forward a "Canadian plan" for a solution of the problem (for reasons with which you are familiar) we have had to limit ourselves to asking you to endeavour to have all alternative courses fully examined.

2. Now that the United Kingdom has come out in favour of both countries being admitted to NATO, it is obviously going to be extremely difficult for the opponents of admission to make their viewpoint prevail. Our latest information is that the United Kingdom proposal (presumably the same as that outlined in your telegram No. 1681 of July 9, 1951†) has already been agreed to by both the United States and Turkey. It would obviously be unrealistic to disregard the powerful influence which this agreement between the three powers most directly concerned will exercise over the final decision.

3. In considering this problem, we have had to bear in mind certain fundamental questions. For example, would the admission of these two countries extend Canada's commitments? In form no doubt it will do so but in reality we cannot escape the conclusion that Canada and NATO as a whole would be involved almost certainly in the event of an attack on Turkey and probably in the event of an attack on Greece, whether these countries were members of NATO or of a Mediterranean pact or, in all probability, if they had no treaty obligations at all with the Western Powers beyond those which exist at present. In the second place, would the admission of Greece and Turkey to NATO be considered by the Soviet Union more provocative than their adhesion to some form of Mediterranean Pact and thus increase the dangers of war? On the whole we think it unlikely that this distinction would be a determining factor with the USSR. Thirdly, will the admission of these two countries hamper the development of NATO in the direction of a North Atlantic Community? No doubt the inclusion of two countries so far removed geographically and in some respects politically and culturally from the North Atlantic Community may complicate such a development. On the other hand, if powerful forces, political and economic, once really begin to move in the direction of the creation of a North Atlantic Community, this process will hardly be arrested by the mere fact that cer-

tain countries which are unable or unwilling to participate in this development are co-signatories of the North Atlantic Treaty. Fourthly, would insistence on some other solution than NATO such as a Mediterranean Pact occasion a dangerous delay in making arrangements for the security of this exposed flank of the North Atlantic area? There seems to be general agreement that it would, in fact, take some time to work out a new pact and we are informed by our Embassy in Washington that this might touch off another great debate in the United States entailing a most undesirable re-examination of U.S. policy in Europe and the Middle East.

4. On the other hand, these very considerations indicate that the decision to admit Greece and Turkey is one of very far-reaching consequence for the whole future of the North Atlantic Treaty Organization. Not the least important consequence is that it will constitute a precedent for extending membership further. We may certainly anticipate a request from the German Republic, perhaps even as part of the price of military contributions. Although the U.S. appears to have given to the U.K. assurances that it does not propose to have Franco Spain included in NATO, we may well be subject to "arm twisting" for the inclusion of Spain sooner or later. The question arises as to whether NATO is to become a conglomerate association of anti-communist nations or whether it is to retain its original character and purpose. It may well be that the issue of Greece and Turkey is already in fact decided, but we are inclined to think that care should be taken to avoid any formal recommendation by the Deputies. We think rather that the issue should simply be referred to the next Council meeting so as to enable members who have real doubts about the matter and who are reluctant to see the nature of the North Atlantic Treaty altered by inadvertence to go on record in the governing authority of the Treaty, not only as to their views on the admission of Greece and Turkey but on the larger issues involved. It might, indeed, prove useful to indicate "stop signs" at the Council meeting to avoid a repetition of the tactics used over Greece and Turkey.

5. Meanwhile, we continue for the reasons set out in our telegrams Nos 920 of May 31 and 1089 of June 28 to prefer a solution which does not involve the full membership of Greece and Turkey in NATO. One of the weaknesses of the Mediterranean Pact solution in the form in which it has been put forward by Norway, with the support of the Netherlands and Denmark, is that it has been lacking in sufficient details to warrant its being considered as a true alternative "proposal" At the moment it is simply a Norwegian suggestion for a great power Greek-Turk alignment with no indication of how this new grouping might be linked with NATO, a condition which the Standing Group clearly indicated as indispensable. In this connection the suggestion set forth in your telegram 1664 of July 6 might constitute a useful elaboration of detail lacking in the Norwegian proposal. Subject to the Minister's approval, we would have no objection to your making a statement along the lines of your telegram 1664 as a contribution to the current discussions. You might preface your remarks by referring to the Canadian Government's desire to have the alternative solution of a Mediterranean Pact thoroughly explored and indicating that the suggestions you are making are by way of an elaboration of the Norwegian-Netherlands proposals which appeared to have a good deal of merit in the light of the disadvantages of the proposal to admit the two countries to NATO as members. While we are anxious to go along with our friends the Netherlands,

Norwegian and Belgians whose doubts about the admission of Greece and Turkey we share, we must not get ourselves into a false position by allowing them to believe that we could maintain a position of last-ditch resistance to the admission of Greece and Turkey.

6. You will, of course, discuss this subject fully with Mr. Pearson before making any substantial further contribution to the Deputies' discussion. The above represents our own departmental thinking to date. Ends.

471. DEA/50030-V-3-40

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 1934 London, July 31, 1951

TOP SECRET

COUNCIL DEPUTIES JULY 30. ASSOCIATION OF GREECE AND TURKEY WITH WESTERN DEFENCE

The Deputies agreed that the draft report of the Political Working Group (Document D-D(51)152 of July 27th,† a copy of which was sent to you by air bag) provided an objective summary of the discussion thus far, and the report was adopted without modification.

2. The Norwegian Deputy raised the question of whether parts of the report might be "be cosmicized" to permit their use subsequently, should the occasion arise, for purposes of parliamentary hearing, etc. It was generally agreed that this would be most undesirable, and that the cosmic character of the document should be maintained. Should it be necessary to make public certain conclusions relating to this problem, a more innocuous document could be prepared and cleared at a later date.

3. When the document itself had been approved I then made a brief statement of the Canadian attitude in the light of your telegram No. 1317 of July 24th.† The text of this statement, which had as its principal object to provide for a fuller exploration of the possible link which might be developed between a regional Mediterranean pact and NATO, had been cleared in advance with the Minister. Text is contained in my immediately following telegram.

4. The Norwegian Deputy also made a brief interim statement to the effect that the Norwegian Government would be most unsatisfied if the Council should attempt to decide on the problem of Greece and Turkey without considering it in relation to the problem of the command structure. It was recognized that the command problems were difficult, but it was also felt that any decision on Greece and Turkey without fuller clarification of plans for Mediterranean and Middle East commands would be a step "into the unknown". In the Norwegian Government's view, the two problems should be considered together, and it might well be neces-

sary to put additional questions to the Standing Group. For this reason the Norwegian Government felt that it might be difficult, if not impossible, to have the Greek and Turkish problem ready for Council action by mid-September.

5. The United Kingdom Deputy said that he too had been instructed to press for an early decision on the related question of the command structure, since it was clearly not possible to judge on the political elements of the problem posed by the association of Greece and Turkey with western defence without clarification of the command structure. He reminded the Deputies that the Standing Group had been invited on June 17th to provide a progress report (D-D(51)171).† As was known, the United Kingdom had put forward certain proposals regarding command structure to the Standing Group, and he suggested that the chairman should remind the Standing Group of the importance of resolving the problem of the command structure and keeping the Deputies informed at as early a date as possible.

6. With regard to our general statement, Hoyer Millar said that the general thinking paralleled very closely the ideas which the United Kingdom had been formulating. We made it clear, however, that our proposals were based upon the assumption that it was possible and workable to develop a Mediterranean regional agreement, and to provide for a link through the Standing Group acting in a separate capacity, while the United Kingdom proposals, so far as we understood them, were based upon the principle that Greece and Turkey should be included in NATO.

7. There was general agreement with Hoyer Millar's view that the questions of the command structure and Greece and Turkey were inextricably linked together, and that therefore the Standing Group should be requested to provide information on the following points:

(i) The nature of the command structure in the Mediterranean Middle East area in the event that Greece and Turkey are included in NATO as full members;

(ii) The nature of the command structure in the case of a solution on the lines of a Mediterranean pact;

(iii) The nature of the link which would be required under (ii) between NATO and such a Mediterranean pact including Greece and Turkey.

8. It was agreed that the Standing Group should be furnished with a copy of the Political Working Group's draft report on Greece and Turkey and should be requested to provide replies to the foregoing questions for consideration by the Deputies not later than August 20th.

9. The French Deputy made a brief observation in which he stressed the interest which his government attached to exploring the alternative solutions provided for in the Political Working Group's report in the light of the Montreaux Convention, with a view to determining the precise legal obligations of Turkey vis-à-vis the convention in the event of closer association with the west for defence purposes.

472. DEA/50030-V-3-40

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 1935 London, July 31, 1951

TOP SECRET

Reference: My immediately preceding telegram.

TEXT OF STATEMENT MADE IN COUNCIL DEPUTIES

Following is text of statement made yesterday in Council Deputies, referred to in paragraph 3 of my telegram under reference. Text begins:

The report of the Working Group affords me an opportunity of making clear the position of the Canadian Government. Up to now we have not taken a definite stand on any of the various methods of associating Greece and Turkey with western defence because we have had an open mind with regard to all the possible methods and we wished to see each method thoroughly explored.

We now recognize, as the report makes clear, that there are only two practical methods of achieving the object we all have in view. Of these two alternative methods we have been inclined to favour the Mediterranean pact solution. This does not mean, however, that we would not accept the proposal for full membership of Greece and Turkey in NATO if that became clearly the most generally acceptable solution of the problem.

We recognize the advantages and the disadvantages of the two alternative methods as set forth in the report of the Working Group. The chief disadvantage we see in according Greece and Turkey full membership in NATO is that the inclusion of two countries so far removed geographically from what is usually associated with the concept of the North Atlantic area would complicate unfavourably the development of NATO in the direction of a North Atlantic community. We are anxious that NATO should not come to be regarded purely as a defensive alliance, and that the political, cultural, economic and social objectives of the treaty should be kept in mind as well as the military aspects. The chief disadvantage we see in the Mediterranean pact solution is the time it would take to give effect to this solution, and the public discussion which would ensue during the interval. On the other hand, we have been impressed by the arguments which have been put forward in favour of the Mediterranean pact solution. We feel however, that there is still a serious gap in the consideration we have given to this solution. Before we can consider the Mediterranean pact solution as having been fully explored more attention will have to be given to the link which would exist between the proposed pact and NATO. This gap in our consideration of the problem has been recognized by the Norwegian and other Deputies who have spoken on the subject, and my purpose in intervening in

the discussion today is to endeavour to advance our consideration of this particular phase of the whole problem.

We recognize that each of the NATO countries and NATO as a whole would be involved almost certainly in the event of an attack on Turkey, and probably in the event of an attack on Greece, whether these countries were members of NATO or of a Mediterranean pact. This makes it essential that if there is to be a Mediterranean pact there should be a close link between that pact and NATO.

As we see it, a regional security pact in the Mediterranean Middle East area would be one in which the three Standing Group powers and Italy would participate as well as Greece and Turkey. Such a pact need not necessarily be envisaged as an exact replica of NATO with its elaborate machinery of political, defence production, and financial and economic agencies. Its primary, indeed sole, raison d'être would be

(a) To provide for the development of a workable military plan and the necessary force contributions for the defence of the area;

(b) To provide the necessary command structure for the defence of the area; and

(c) At a subsequent stage, to permit the accession of other states in the area or states outside the area prepared to contribute to its defence.

Needless to say, the definition of the area would be primarily a matter for decision by the participating states.

In our view the link between NATO and such a Mediterranean pact could be effected through the Standing Group. The members of the Standing Group in effect would wear "two hats". In one capacity they would be responsible for the direction of the higher strategy of NATO, and in the other capacity they would be responsible for the direction of the higher strategy in the Middle East area. We would envisage the Supreme Command in the Middle East area coming directly under the Standing Group as a parallel command to SHAPE.

It would presumably also be necessary to have a parallel agency to the Military Representatives Committee. This would include representatives of the countries participating in the Middle East regional arrangement, and would meet with the Standing Group quite separately from the Military Representative Committee of NATO. While the question of what type of political organization would also be required is, of course, one for the participating governments, we would assume that on the pattern of NATO they would wish to establish some form of Ministerial Council to exercise political supervision over the regional military planning. As we see it, however, there would be no need for an elaborate financial and economic or defence production set-up, since these aspects could be dealt with through existing machinery. Possibly, however, some supply board coming under the Supreme Commander Middle East would be adequate to meet the regional requirements in the supply field.

In other words, as we see the situation, what would be required essentially would be a considerably abbreviated pact which would not contain any provisions

along the lines of Article 2 of the North Atlantic Treaty.[50] The proposed pact would deal entirely with the reciprocal security obligations of the signatory countries. The practical effect of such a regional defence arrangement in the Middle East area, in which the three Standing Group powers would participate, would be to widen the area of Article 6 of the North Atlantic Treaty, but on military grounds it seems that this wider commitment is inescapable whatever solution is finally adopted. The advantages of the solution by means of a regional arrangement in the Middle East area would be that it would meet the security requirements and at the same time enable NATO to develop along the lines originally contemplated. We believe that the practicability of such a solution will become more clear when we receive the details of the command arrangements for the Middle East area now under active consideration by the Standing Group.

Finally, we are of the view that the Deputies should refrain from taking a decision on this question but should advance the consideration of the whole problem sufficiently to enable the Ministers to come to a decision at the next meeting of the North Atlantic Council. Ends.

473. DEA/50030-V-3-40

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 1484 Ottawa, August 21, 1951

TOP SECRET

RELATIONSHIP OF GREECE AND TURKEY TO NATO

Following from Heeney, Begins: The question of the Canadian attitude on this issue was again discussed in Cabinet on August 8. In a brief review of the problem the Minister recalled that in the beginning it had been the Canadian Government's view that it was desirable to associate the two countries more closely with NATO but that it was preferable to achieve this either by some form of United States-United Kingdom-French guarantee or by the creation of some association of Mediterranean powers linked with NATO. The United States had, however, pressed strongly for according full membership, and all NATO countries with the exception of Canada and Norway now appeared to be prepared to fall in with United States wishes. Further controversy and delay would have most undesirable consequences. The Minister conceded that the granting of full membership would probably be

[50] En vertu de l'article 2 du Traité de l'Atlantique Nord, les parties doivent renforcer leurs institutions politiques libres et harmoniser leurs relations économiques internationales afin de favoriser la stabilité et le bien-être.
Article 2 of the North Atlantic Treaty commits the parties to strengthening their free political institutions and to harmonizing their international economic relations in order to promote stability and well-being.

exploited by the U.S.S.R. as a provocative move but thought that the possibility of their representing membership as encirclement was considerably reduced now that the United States had made it clear that the establishment of no NATO bases would be involved.

2. There was general agreement in Cabinet that if an aggression were launched against Greece and Turkey it would likely be met by a collective effort as in Korea, and that it was doubtful if Canada would be more involved through having Greece and Turkey in NATO than by the hard facts of the present world situation. It was, therefore, agreed that the Minister should be authorized to support the admission of the two countries to NATO when the matter comes up at the North Atlantic Council meeting.

3. We do not consider that there is any need for you to make a formal statement in the Deputies as you have already indicated that the Canadian Government will not oppose the admission of the two countries if there appears to be general agreement that that is the most desirable solution.

474. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

SECRET Ottawa, September 25, 1951

ACCESSION OF GREECE AND TURKEY TO NATO

Acting on the authority granted by Cabinet on August 8, Canada supported a resolution of the North Atlantic Council, unanimously adopted on September 20, recommending to the governments which are Parties to the North Atlantic Treaty:

(1) that pursuant to Article 10 of the Treaty each Government take whatever steps may be necessary to enable it to agree that the Kingdom of Greece and the Republic of Turkey be invited to accede to the North Atlantic Treaty, and thereupon notify its agreement to the United States of America;

(2) that thereafter Greece and Turkey shall become Parties to the Treaty upon the date of the deposit of their respective instruments of accession with the Government of the United States of America;

(3) that as from the date of the deposit with the Government of the United States of America by the Government of the Republic of Turkey of its instrument of accession, an appropriate modification of Article 6 of the Treaty shall enter into force.

2. The Resolution further recommended that these purposes be achieved and the requirements of the Treaty be met by bringing into force a Protocol in accordance with the procedure outlined above and that such a Protocol be signed as soon as possible by the members of the Council Deputies, duly authorized by their respective governments.

3. The North Atlantic Council also took note of a draft Protocol, prepared in the Council Deputies, which the Council Deputies propose to sign when duly authorized to do so by their respective governments.

4. The Resolution of the North Atlantic Council can therefore have no legal effect unless supplemented by the signing of the Protocol, which, when subsequently ratified by the twelve member states, will accomplish two things:

(a) It will authorize the United States Government, the depository under the Treaty of instruments of accession, to send the invitation to the Governments of Greece and Turkey;

(b) It will amend Article 6 of the Treaty upon the date that the Government of Turkey deposits its instrument of accession.

5. With respect to (a), Article III of the draft Protocol provides that the Protocol shall only come into force when each of the Parties to the North Atlantic Treaty has ratified its provisions. The Protocol was made subject to ratification in order to enable governments, if they so desire, to consult their Parliaments between the time of signature and the time of ratification. Since the authority to extend the invitation to the governments of Greece and Turkey is contained in Article I of the Protocol, the United States Government cannot send the invitation to the governments of Greece and Turkey until the Protocol has been signed and later ratified by each of the present Parties to the Treaty, including Canada. As the accession of the two countries is regarded by all Treaty members as urgent, the hope was expressed at the Conference just concluded that signature of the Protocol would take place in about two weeks' time (i.e., during the week ending October 6, 1951). As regards ratification, it seems likely, from the information given in Ottawa, that the other eleven member states will have ratified the Protocol by the end of November at the latest.

6. As regards (b) above, the main object of the proposed amendment to Article 6 of the Treaty is, of course, to bring into the territory in which the Treaty will be operative that part of Turkey which is in Asia. The present wording of Article 6 covers only "armed attack on the territory of any of the Parties in Europe or North America ..."

7. In addition, the United States and United Kingdom consider that, inasmuch as Article 6 must be amended to embrace the whole of Turkey, advantage should be taken at the same time of this opportunity to define more precisely the area and circumstances in which the provisions of the Treaty may be invoked. They therefore propose that two additional amendments be made to Article 6, having nothing to do with Turkish territory, as follows:

(1) to add to the forces protected by the Treaty, "forces, vessels or aircraft of any of the Parties, when in or over ... the Mediterranean Sea. ..." This amendment, proposed by the United Kingdom Government, is incorporated in Article II(ii) of the draft Protocol.

(2) To amend the phrase in the present Article 6 "occupation forces of any Party in Europe" to read "forces, vessels or aircraft of any of the Parties, when in or over ... any ... area in Europe in which occupation forces of any of the Parties were stationed on the date that the Treaty came into effect ..." This amendment, proposed

by the United States Government, is to ensure that the forces of the Occupying Powers in Germany will continue to be protected by the North Atlantic Treaty after the forthcoming termination of their "occupation" status. If this amendment to Article 6 were not made now, it would have to be made later when the Occupation Statute is abolished. This amendment has also been incorporated in Article II(ii) of the draft Protocol.

8. The undersigned, therefore, recommends:

(a) that an Order-in-Council in accordance with the attached Submission to Council, be issued authorising Leolyn Dana Wilgress, the Canadian Deputy, to sign a Protocol substantially in the form of the draft Protocol noted by the North Atlantic Council on September 20, in accordance with the final paragraph of the Resolution adopted by the North Atlantic Council on September 20;[51] and

(b) that in accordance with the decision of the Cabinet on September 21, a Resolution be introduced to Parliament, as soon as possible after signature of the Protocol, approving the ratification of the Protocol by the Canadian Government.[52]

L.B. PEARSON

475. DEA/50030-V-3-40

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le premier ministre

Memorandum from Acting Under-Secretary of State for External Affairs to Prime Minister

TOP SECRET [Ottawa], December 5, 1951

As requested, I attach copies of the Resolution† approving the acceptance of the Protocol to the North Atlantic Treaty on the accession of Greece and Turkey, the texts of which Mr. Pearson has seen and approved for presentation to both Houses during the closing days of the current Session.

2. You will recall that on October 13 the Cabinet agreed that, because it was unlikely that the Protocol would receive United States senatorial approval before the next session of Congress in 1952, the Canadian Parliament should not be asked to approve the admission of Greece and Turkey to NATO until such time as the admission of the two countries had been approved by the United States, United Kingdom and France. On October 22 Mr. Pearson conveyed the substance of this decision to the House of Commons in the following words:

"This Protocol will be submitted to this Parliament for approval later before ratification by the Government. In this connection it might be desirable to postpone that discussion until we see what happens in regard to ratification in other coun-

[51] Pour un compte rendu de la discussion du Conseil de l'Atlantique Nord sur ce sujet, voir le document 476.
For a report on the North Atlantic Council discussion of this subject, see Document 476.
[52] Approuvé par le Cabinet, le 26 septembre 1951./Approved by Cabinet, September 26, 1951.

tries which are even more directly concerned with this matter than we are — the United States, the United Kingdom and France".[53]

3. Subsequently it became apparent that to adhere strictly to this programme might place the Canadian Government in an awkward position. According to our information other NATO members with the exception of the United States will have ratified the Protocol by the end of this year and that the United States Government itself might be in a position to do so early in January, 1952, as the Senate, whose approval is first required, is scheduled to reconvene on or about January 8. As it would appear unlikely that the Canadian Parliament will be in session at that time, if the Protocol were not presented to it for approval until after the United States had taken action, Canada might find itself in the embarrassing position of delaying the invitation to Greece and Turkey. Mr. Pearson therefore considers it desirable to seek parliamentary approval in the closing days of the Session and hopes to be able to sponsor personally a Resolution along the attached lines immediately after his return to Canada, now scheduled for December 11 or 12. Having secured parliamentary approval, he would be in a position to withhold the formal act of ratification until it seemed appropriate.

4. When presenting the Resolution in the House, the Minister (if he is back in Ottawa in time to deal with this matter personally) intends to explain that parliamentary approval is being sought at this time in order to enable the Canadian Government to be in a position to concert its ratifying action with other North Atlantic governments and also to avoid being placed in the position of delaying the two countries' accession, on the desirability of which Canada and all other NATO countries were in agreement. He would conclude his introductory remarks by referring to his statement in the House on October 22 and explaining that the Canadian Government might not be acting immediately on the Resolution.

5. The United States Government has informally asked that we refrain from stating publicly Canada's intention not to ratify until the United States has done so.[54]

C.S.A. RITCHIE
for Acting Under-Secretary of State
for External Affairs

[53] Voir Canada, Chambre des Communes, *Débats*, 1951, 2ième session, volume II, p. 261.
See Canada, House of Commons, *Debates*, 1951, 2nd Session, Volume II, p. 250.

[54] Noté avec approbation par le Cabinet, le 6 décembre 1951. Approuvé par le Parlement, le 29 décembre, 1951. Voir Canada, Chambre des Communes, *Débats*, 1951, 2ième session, volume II, pp. 2658-2675 et pp. 2684-2695. Ratifié le 21 janvier 1952. Pour le texte du Protocol, voir Canada, *Recueil des Traités*, 1952, N°. 8.
Noted with approval by Cabinet, December 6, 1951. Approved by Parliament, December 29, 1951. See Canada, House of Commons, *Debates*, 1951, 2nd Session, Volume II, pp. 2520-2536 and 2545-2554. Ratified January 21, 1952. For the text of the protocol, see Canada, *Treaty Series*, 1952, No. 8.

8e PARTIE/PART 8

RÉUNION DU CONSEIL DE L'ATLANTIQUE NORD, OTTAWA, 15-20 SEPTEMBRE 1951
NORTH ATLANTIC COUNCIL MEETING, OTTAWA, SEPTEMBER 15-20, 1951

476. DEA/50030-A-1-40

Le secrétaire d'État aux Affaires extérieures aux chefs des postes à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR DOCUMENT NO. A85/51 Ottawa, November 15, 1951

SECRET

I transmit herewith the document listed below.

R.A. MACKAY
for Secretary of State
for External Affairs

SECRET November 1, 1951

REVIEW OF THE OTTAWA MEETING
(THE SEVENTH SESSION)
OF THE NORTH ATLANTIC COUNCIL

1. The Seventh Session of the North Atlantic Council meeting in Ottawa met from September 15-20, 1951. It is proposed in this paper to give a review, more or less impressionistic, of the Ottawa meeting and to attempt to link it up to recent and prospective NATO developments.

2. The Ottawa meetings differed substantially from previous Council meetings. In the first place, the Ottawa meeting was the first since the re-organization of the committee structure of NATO along the lines proposed by Canada that the three Ministerial Committees (Defence, Finance and Economic, and the then Council of Foreign Ministers) should be consolidated in one body, the Council. The advantages were apparent in the Ottawa meetings; the presence of Foreign, Defence and Finance Ministers, together with their respective advisers, on most delegations meant that the Council tended to be more in the nature of a meeting of governments than a meeting of delegates of governments. Although discussions on particular items tended to be monopolized by those Ministers who would normally deal with it in their respective governments, the fact that a Minister in most cases had two colleagues at hand for consultation tended to permit of more negotiation during the Council sessions, and also to give a Minister's statement in Council more the character of a matured governmental view. Although there were separate meetings of Defence Ministers, of Foreign Ministers, and of Finance Ministers on particular

items, these were in the nature of sub-committees which reported back to Council, and any latent tendency towards re-establishing more or less autonomous bodies of Ministers along functional lines was successfully resisted.

3. In the second place, the Ottawa meeting was perhaps less a rubber-stamping exercise than several previous Council meetings. Although conclusions reached were generally in line with expectations before the meeting, decisions were taken only after due deliberation. Discussions on the whole were frank and there was little in the way of diplomatic doubletalk. On the other hand, the size of the audience of officials on occasion tended to inhibit discussion on certain of the more delicate issues, and "private" meetings of single Ministers with one or two advisers from each delegation were resorted to.

4. The main issues before the Council were: the admission of Greece and Turkey; discussion of the non-military aspects of NATO; and the establishment of procedures to speed up "closing the gap" in defence.

Greece and Turkey

5. As had been widely forecast, the Council did reach a unanimous decision to recommend the admission of Greece and Turkey, but not without prolonged discussion, and behind the Council doors, the decision did not seem such a foregone conclusion. Norway, Denmark and the Netherlands maintained their grave doubts, expressed previously in the Deputies, about the wisdom of offering Greece and Turkey full membership as the best method of associating them with North Atlantic defence. These countries, and others to a lesser degree, felt that, at least in the short-term, the association of Greece and Turkey in full membership might weaken the military security of Northern Europe by spreading thin our resources, and might tend to dilute the feeling of community of interest and background underlying the Treaty.

6. In presenting the Canadian point of view, Mr. Pearson expressed our sympathy and substantial agreement with the Danish and Norwegian positions. Canada has recognized the need for forging a closer link between Greece and Turkey and Western defence planning under NATO, but has been conscious of the possible effects which an extension of membership might have on the future of NATO. Canada therefore favoured a very careful examination of the alternative methods of associating Greece and Turkey with Western defence. Our caution was induced in part by the consideration that by setting a precedent for extending membership on military grounds alone, NATO might tend to become a purely military alliance with the result that its broader purposes might be lost sight of. Thus Canada, as the Minister said, would have preferred some non-NATO solution, but at the same time was not opposed to membership for Greece and Turkey if, after an examination of all the alternatives, this proved to be the most desirable solution.

7. It was, of course, clear that any solution other than full membership would be so politically embarrassing as to be impossible. Moreover, it would not meet the agreed views of the Standing Group based on military requirements. The United States and the United Kingdom, who among present NATO countries would have to carry the heaviest load, had committed themselves publicly in favour of member-

ship; and the Turks and the Greeks had indicated that any other solution would be unacceptable.

8. Whether the Netherlands, Danish, and Norwegian governments really hoped to prevent the admission of Greece and Turkey is doubtful. The Danish representatives, however, held out to the last session. But there was evident dislike for the way the proposal had been handled, particularly by the United States which by announcing publicly at an early stage its support had prejudiced a free decision by other members. It was a good opportunity to hint to the United States that it should not happen again — although Spain was not mentioned, some delegates no doubt had in mind that Franco might be the next candidate. In reply to rather obvious remarks from Mr. Lange and others about press "leaks", Mr. Acheson made a disarming apology, and there the matter rested.

9. There were, however, real misgivings about the terms of admission, and in particular regarding the Standing Group proposal for establishing a Middle East Command which would include Turkey. These proposals were not put formally before the Council for consideration, since it was not proposed to include the Middle East in a NATO command structure. The issue was primarily military, but it could have a considerable bearing on the degree to which the Turks would, in fact, be committed under the Treaty. Those who objected to the Standing Group proposal felt that Turkey was being offered a special type of membership which assured it of all the advantages, but which might not carry with it all the obligations since Turkey would apparently have only a limited military commitment area. For this reason, the Danish Delegation took the position that command arrangements would have to be settled in a way to ensure that Greece and Turkey would have the same rights and the same obligations as other countries. Canada supported this view on the ground that although Turkey could not be expected to accept second class membership, it could not be granted preferred membership.

10. Mr. Stikker, speaking for the Netherlands, was most anxious that discussions regarding the command arrangements with Greece and Turkey (to be conducted by the U.S., the U.K. and France) should not take place without the knowledge of and consultation with other NATO members. Mr. Acheson, on the other hand, felt that the Turks should not be asked to accept an agreed plan in the formulation of which they played no part. Mr. Stikker persisted but the best he could do was to bow to the Chairman's compromise suggestion that political aspects of the command arrangements would "in due course" be discussed by the Deputies.

11. On the question of how the membership of Greece and Turkey would be brought about, the Americans had drafted a Protocol which they proposed should be signed by the existing members. After ratification, in accordance with the requirements of each country's legislative practice, Greece and Turkey would be invited. The Americans saw advantages in this procedure: uniform action would be taken by all members; and the Protocol would include the necessary amendments to the Treaty to provide for the extension of the territorial limits of the Treaty area.

12. The Italians, however, foresaw difficulties in their Parliament if a new document were presented for ratification. This would give the large Italian Communist opposition a full opportunity to discuss anew the whole North Atlantic Alliance,

and for this reason the Italians favoured an interpretive resolution of the Council rather than a formal Protocol. Mr. Schuman shared the Italian misgivings about re-opening the question in the Chamber of Deputies but was prepared to support the proposal for a Protocol in view of the opinion of his legal advisers that a formal amendment was necessary. After some editorial changes a Protocol, substantially as drafted by the United States and by the Council, was later signed by the Deputies in London. Delays in ratification, notably by the United States Senate, will however make impossible the formal admission of Greece and Turkey until sometime in the new year. It remains to be seen whether some other formula can be found to permit their representatives to attend the Rome meeting, possibly as observers or as "members designate".

The North Atlantic Community — The Committee of Five

13. For some months before the Council meeting there were increasing indications of a growing interest in the non-military aspects of NATO. The Minister had encountered this interest in his discussions with the Foreign Ministers of Belgium, the Netherlands and Norway during his visit to Europe during the summer. Mr. Stikker in particular was concerned with the strain the defence burden was putting on European economies. Under his lead, OEEC produced a declaration late in the summer calling for increased production over the coming five-year period to enable the defence effort to be met without reduced standards of living, and it was anticipated that Mr. Stikker might press the Council to endorse this declaration or adopt a similar one. Moreover, the United States for the first time was showing a real interest in Article 2 of the Treaty, and discussions, on the initiative of United States officials, had taken place with Mr. Wilgress in London, with the Embassy in Washington, and with the Department in Ottawa.[55] On the initiative of the United States, an item was included in the agenda for the Council meeting in Ottawa.

14. In the negotiation of the Treaty, Canada had been primarily responsible for the inclusion of Article 2. We have felt, however, that defence must have priority over non-military aspects of NATO, and had tended to regard Article 2 as for the time being more in the nature of insurance against action which would prejudice the welfare or free institutions of the Treaty nations rather than as a point of departure for the development of a positive programme. The apparent desire of members to use Article 2 as a basis for a positive programme, however, altered the situation. A hasty exploration at the official level of possibilities failed to indicate any very concrete measures of co-operation which might be developed without tending to make the North Atlantic Community an exclusive entity. A multilateral trading area, for example, was clearly, from Canada's standpoint, preferable to a new North Atlantic preferential area, even if the latter could be attained without violating existing commercial agreements. Nevertheless the need to strengthen the non-military ties between North Atlantic nations was evident if member nations already feeling the burden of defence were not to lose heart. Canada was, therefore, disposed to welcome the proposal to explore the possibilities of developing NATO in its non-military aspects.

[55] Voir le document 477./See Document 477.

15. Early in the Council sessions a sub-committee to consider the problem was set up on a motion of Mr. Acheson. This sub-committee, of which Canada was a member, brought in a report recommending a continuing Ministerial committee of five (Canada, Belgium, the Netherlands, Norway, Italy) "to consider the further strengthening of the North Atlantic Community, and especially the implementation of Article 2 of the North Atlantic Treaty". In particular, it is to consider and make recommendations to the Council on (a) co-ordination and frequent consultation on foreign policy; (b) closer economic, financial and social co-operation; and (c) collaboration in the fields of culture and public information.

16. Mr. Pearson, as Chairman of the Council for the present year, will be Chairman of this Committee. Shortly after the Ottawa meeting a working group, under the chairmanship of Mr. A.F.W. Plumptre, Head of the Department's Economic Division, began meetings in London. The Committee was scheduled to meet in Paris before the opening of the General Assembly of the United Nations. A preliminary report of the committee is expected for the Rome meeting.

Gap Closing — Committee of Twelve

17. The immediate problem, however, still facing NATO is that of meeting the gap between military requirements under the medium-term plan and military availabilities. Various NATO bodies have been actively concerned with this problem: the Standing Group has been examining the problem from the standpoint of providing the forces required; the Defence Production Board has been concerned with the production and distribution of adequate military equipment and supplies; the Finance and Economic Board has been conducting an elaborate investigation on burden sharing, which presumably would be a useful guide for distribution of increased defence expenditure. A Working Party representing these various bodies had been set up by the Council Deputies to prepare for the Council meeting a preliminary report which would examine the problem as a whole.

18. It was apparent, however, that not much progress in actual gap-filling was resulting from these paper exercises. For one reason, various European countries were feeling the strain of existing defence burdens and it was evident that some governments, notably the United Kingdom and the French, were likely to send representatives to Ottawa with firm instructions to say that their peoples could do no more than they were doing. The United States Government made known to the Canadian Government, and presumably to all other NATO governments, in advance of the Ottawa meetings that it was prepared to recommend to Congress for 1952-53 and 1953-54 appropriations for mutual aid similar to that for the current year provided there was assurance that other European members would be prepared to meet the remainder of the gap. The implication was that a vigorous effort to attain this goal must be made by other governments. There was, however, a feeling in some quarters that the requirements laid down by the military authorities were perhaps unnecessarily high and might in some cases be reduced. It was apparent also that there was substantial unused capacity for production in Europe and it was possible that by better co-ordination of national procurement programmes more efficient use could be made of productive resources throughout the NATO area.

There was a feeling also in some quarters that certain governments were not honouring fully their existing commitments under the medium-term plan.

19. In the light of these circumstances, the United States Government before the NATO Council meeting informed the Canadian Government (and presumably other NATO governments) that it hoped that the Ottawa meeting would see fit to establish a special committee of distinguished persons enjoying the full confidence of their respective governments to prepare a special report for the next meeting of the Council after Ottawa recommending ways and means of filling the gap. The reports of the various NATO bodies presented in the Ottawa meeting afforded an opportunity to put forward this proposal. It was not, however, thrown into the Council meeting without "private" discussions beforehand of one or two Ministers from each delegation.

20. The original intentions of the United States Government appear to have been a committee of the "Big Three" with authority to make recommendations about further contributions to defence. Canadian representatives viewed this proposal with considerable apprehension. It was felt that an economic and financial "Standing Group" would be quite undesirable since other governments might be faced with programmes about which they had not been properly consulted. It was recognized of course that all NATO members might have to do more than they had so far promised, but it was felt that any additional burdens could only be accepted after appropriate negotiation. Other non-Standing Group members of NATO were generally of much the same view. After much discussion, largely in "private" sessions between the Ministers concerned, a Committee of Twelve was ultimately agreed upon. This committee was to elect a Chairman and one or more Vice-Chairmen who would together constitute an Executive Bureau. It was clearly understood that when the "Executive Bureau" was examining the defence programme of any member of NATO that member's representative would be present. Committee recommendations applying to any particular member would, therefore, likely have to have that member's prior concurrence. Moreover, the Committee was clearly labelled "temporary"; by inference, it was to be no financial and economic Standing Group.

21. The Committee was promptly appointed after the Ottawa meeting and has been meeting in Paris under the chairmanship of Mr. Harriman, the U.S. representative, Mr. Abbott is the Canadian member. Other governments for the most part are represented by their Finance Ministers. It has called for statistical reports on economics and finance from each member as well as reports on military programmes. Its procedure is to examine each report in the presence of the representative of the country concerned. After examination of the report it is anticipated that there will be a stage of negotiation on each country's defence programme between the Executive Bureau and the Committee member of that country. It is hoped that the Committee's report will be available for the Rome meeting.

22. In some respects, the Ottawa meeting marked a change in emphasis from long-range planning to consideration of immediate readiness to meet armed aggression. The lead was taken by Mr. Shinwell in the Session in which reports were being made on national defence programmes. Mr. Shinwell pointed to the fact that

while members were concerned, and rightly so, with programmes under the medium-term plan, there was no very clear indication of the readiness of NATO members to meet aggression, either singly or collectively, in the present or immediate future. He therefore asked his colleagues for a firm and detailed statement as to existing effectives, training programmes, and readiness for battle. Mr. Shinwell proposed a private session of defence ministers in which these could speak frankly to one another — Mr. Shinwell it was noticed could not avoid looking across the table at his French colleague as he said this. After a preliminary discussion, Mr. Shinwell's request was granted but with no very great increase in frankness in discussion. From the meeting, however, there emerged a directive to the Military Committee to prepare for the next meeting of Council an estimate of the relative strengths and capabilities of NATO forces and Soviet bloc forces, in being and in the immediate future. The Council Deputies were requested to provide a similar estimate on industrial and economic resources, and the Defence Production Board was directed to keep careful note of arms contracts actually placed. This shift in emphasis does not of course lessen need for meeting future requirements under the medium-term plan. It does, however, represent a shift from consideration of paper programmes to consideration as well of actual readiness to resist aggression.

Miscellaneous

23. Three other matters of substantial importance discussed by Council are worth noting: the German contribution to Western defence; the organization of the military side of NATO; and infrastructure.

24. As had been expected the Big Three reported on the progress they had made in their tripartite discussions in Washington on the German situation. The Council received official word that the Occupation Statute would be replaced by an equitable contract to give greater autonomy to Germany. On the question of the European Army, Mr. Schuman announced that the Pleven Plan had been accepted in principle by the Germans and he hoped would shortly become a reality. Mr. Acheson gave full United States support to the Plan, as did Mr. Morrison for the United Kingdom, and the hope was expressed that the question of German contributions to Western defence could now be settled at the Rome meeting of the Council.

25. At the time of the re-organization of the Council, the re-organization of the military side was left over for consideration by the military authorities. It was Canada's view, as expressed in the Canadian paper which began consideration of Council re-organization, that effective authority on the military side should be vested in the Military Committee which is, in fact, a Committee of the Chiefs of Staff of the member nations. It was felt further that the Military Representatives Committee should be in effect a Chiefs of Staff Deputies' Committee which would be constantly in session or available for consultation by the Standing Group. It followed as a corollary that any advice on military matters that might be sought by the Council Deputies would be given by the Military Committee, or the Military Representatives Committee, rather than by the Standing Group. It was hoped too that the Standing Group would develop any new proposals affecting member nations by appropriate consultation at the working level with the country or countries concerned so that member nations not on the Standing Group would not be

presented with plans listing for them military requirements about which they had not been consulted. On this point, Mr. Claxton took occasion to hint broadly to Council that the Canadian Government was not entirely happy about the existing practice of the Standing Group. The question of military re-organization was discussed at some length in the Council. The final result was that the Military Committee was instructed to comment at the Rome meeting on proposals already made for the re-organization of the NATO military structure.

26. With regard to *infrastructure*, that is fixed defence facilities in Western Europe for common use, discussion on financial arrangements had been almost deadlocked for months, the United States urging financing on the "user" principle, and the United Kingdom on the principle of "capacity to pay". At Ottawa an agreement was reached with regard to financing the "second slice", that is airfields and communication facilities on which construction is to begin in 1951. The plan agreed to provides for contributions on a more or less arbitrary basis. Canada supported this plan, which did not require very substantial increases in Canada's contribution over the figure already approved by Cabinet as an appropriate Canadian contribution. However, the plan was declared to be without precedent for later "slices" of infrastructure.[56]

Publicity

27. Publicity, as usual in international conferences of a secret nature, proved to be a difficult problem. At the first closed session of the Council, the President suggested that the agenda might be made public and the press might be kept informed, presumably through the procedure of press conferences by the Secretariat and the Chairman, as fully as possible of the day-to-day progress of the meetings. He hoped thereby to do some useful propaganda work for the Organization and to satisfy the swarm of reporters who had gathered in Ottawa. Mr. Acheson took the line that the confidential nature of the meetings should be preserved as fully as possible and that in consequence information to the press should be confined to a final communiqué. He was specifically against publication of the agenda. These views temporarily prevailed. The next day, however, the agenda appeared in the *New York Times*, almost comma for comma. The NATO Secretariat, particularly the Information Service, it is understood, took up the cause of the press, and the result was a change in policy to permit daily briefing sessions by an Information Officer. These were very well done, and the Press seemed reasonably satisfied. All delegations apparently also held briefing sessions from time to time.

28. The result was that the press got perhaps an undue amount of information of a highly classified nature. However, public knowledge and support of NATO is imperative, and there was probably more good than harm from these developments. Be that as it may, at the last session there were some candid observations on publicity and the Deputies were directed to prepare publicity rules for the guidance of future meetings. The problem is twofold: that of preventing the leakage of informa-

[56] La contribution du Canada, que le Cabinet a notée avec approbation, le 3 octobre 1951, s'élevait à 3 500 000 £.
Canada's contribution, which Cabinet noted with approval on October 3, 1951, totalled £3,500,000.

tion which might endanger military security, and that of providing sufficient publicity to secure public support of NATO and of the defence budgets which the achievement of adequate defence entails. This suggests that the problem might better be solved by a re-classification of the subject matter of the agenda rather than by vain attempts to tighten security on everything.

Administrative Arrangements

29. Something should be said about the administrative arrangements. This was the largest and most important international conference ever held in Canada, and everything was done to assure efficiency and convenience. Without question, the facilities provided were the most adequate, and the arrangements the most satisfactory for any NATO Council meeting to date. Parliament was not sitting so it was possible to use the Centre Block for meetings and members' rooms for office space for the delegations. The public opening meeting was held in the Commons' Chamber, and the closed sessions in the Railway Committee Room. NATO security regulations and practices are very elaborate, perhaps unduly so, but there was little choice in the matter. Security regulations were accordingly strict, and security guards in smart Service uniforms were everywhere. If the press found cause for merrymaking, the visiting delegations were most favourably impressed. A loudspeaker system, with arrangements for consecutive translation, was set up in advance, but on the first day it became clear that if the agenda was to be completed on time, simultaneous translation facilities, which had not been the rule at NATO meetings, were required. The Army accordingly arranged to install a simultaneous translation system over the weekend. Equipment was picked up at various defence stations across Canada, or borrowed from local radio stations. When the Council reconvened on Monday morning, the system was ready for use. This contributed enormously to speeding up proceedings, and it evoked enthusiastic compliments from the visitors who were most generous in their approval of all the arrangements.

Future Meetings

30. The Council agreed that more frequent and more regular meetings of Council was desirable. It was understood that the next meeting would be in Rome, in accordance with the wishes of the Italian Government. Although no date was set, it was generally agreed that a meeting before the General Assembly of the United Nations in Paris was desirable. It subsequently developed that the Committee of Twelve would be unable to complete a report this early, and a decision was finally taken to hold the next Council meeting November 24.

9e PARTIE/PART 9

COMITÉ CHARGÉ D'ÉTUDIER LE RENFORCEMENT DE LA COMMUNAUTÉ NORD-ATLANTIQUE
NORTH ATLANTIC COMMUNITY COMMITTEE

477. PCO/Vol. 204

Note du chef de la Direction économique pour le Comité sur les aspects économiques des questions de la défense

Memorandum from Head, Economic Division, to Panel on Economic Aspects of Defence Questions

CONFIDENTIAL [Ottawa], August 31, 1951

THE NORTH ATLANTIC COMMUNITY — ECONOMIC IMPLICATIONS

1. In a sense, the North Atlantic Economic Community already exists. The North Atlantic countries are tied together by age-old ties of trade and finance. Something like 80% of the world's trade takes place within this community. North Atlantic countries, which are entirely independent politically, are completely interdependent economically. This does not mean, however, that the situation of each country or of the group can be improved by putting a fence of trade preferences around the area. On the other hand, it may be improved if trade barriers within and around and beyond the North Atlantic area can be further reduced, especially the barriers that separate the "soft" currency countries from the "hard". This reduction would bring further "integration" of the free world trading area, and more especially of the North Atlantic area which is by far its largest element. But this integration is easier said than done for it involves far-reaching changes in industry and trade which are difficult enough for the countries that are strong, economically and politically, but raise almost insuperable problems for the weaker ones who look for strength and support to the stronger. This paper deals with the difficulties and possibilities of further integration of the North Atlantic countries.

I. *North Atlantic Concept — Competition with other Economic Concepts*

2. People promoting the concept of a North Atlantic economic community find that their ideas must compete with other concepts. These others are embodied in "going concerns"; they are older and they have deeper roots:

(a) *European Economic Unity.* This concept is chiefly embodied in OEEC, but it is surrounded and buttressed economically, politically and militarily by such concepts as the Council of Europe, the European Army, the Schuman Plan, the Pflimlin Plan, etc. The idea of European unity is fairly new, at least in its modern dress, but it is gathering disciples in some parts of the Continent.

(b) *The British Commonwealth and the Sterling Area.* This community is tied together economically by Imperial Preference, fairly free movement of capital, use of London as a financial centre, and the special ties of the wartime accumulation of sterling balances. It has deep emotional and political roots.

(c) *The Free World Trading Area.* Most of the important trading countries in the Free World (plus Czechoslovakia by historical accident) are members of the GATT, and also of the Fund, and have made undertakings to each other to eliminate discrimination and promote multilateral trade and payments as far as they can. The concept of a Free World Trading Area is founded on the fundamental principles of liberalism. Under these principles, members of GATT can welcome increasing trade not only with each other but with less favoured nations and (at least in non-strategic goods) with countries beyond the Curtain.

II. *Canadian Economic Policy Since World War II*

3. The weight of Canadian support has been thrown towards (c) - the Free World Trading Area. With our worldwide trading interests, combined with sources of economic strength that are second only to those of the United States, we have promoted freedom of trade and exchange. We have had little to risk and almost everything to gain. Our expeditions into bilateralism have not ended up very successfully (e.g. agricultural contracts with U.K.); restrictions against U.S. imports proved most unpopular; free multilateral trade suits us politically and economically.

4. Any proposal to establish a new economic grouping of North Atlantic countries which would give special preferences or other commercial benefits to each other, while withholding them from the rest of the free world, would not be likely to get a warm welcome in Ottawa. Recent policy towards existing Imperial Preferences is, not to toss them away, but to keep those that serve some special purpose and to bargain the rest away in multilateral tariff negotiations.

5. We have urged our multilateral ideas on others — in the Commonwealth and in OEEC. Admittedly many other countries have need of import controls to protect their reserves and trade balances; nevertheless, we have hammered away against the protectionism which leads to maintenance of import restrictions (against Canadian goods) beyond what can be justified on balance-of-payments grounds. This is pure GATT and Fund doctrine; we have preached it in many pulpits.

6. We have not railed blindly against all import quotas and embargoes that hurt our exports but we have supported those people, in OEEC and the Commonwealth, who regard special preferences and special protections as temporary supports for economic activities that can be strengthened rather than permanent props for fundamentally unsound positions. Our emphasis has always been on the ultimate reduction and elimination of discrimination and restriction. This should be to the long-run advantage of the countries and areas concerned; protection breeds monopoly, inefficiency, sloth and decay. And we have practiced what we have preached. Although we were forced to put up a fence of import restrictions in 1947 we tore it down — despite the protests of those interests that it favoured — as soon as our gold and dollar reserves got back to a healthy level.

III. *Present Position and Prospects of the Commonwealth, European Integration and the North Atlantic Economic Community*

7. What is happening in the preferential areas? Are they succeeding or failing? Consolidating or falling apart?

8. Commonwealth Preferences were probably never more popular in the United Kingdom than they are today. Perhaps it is a measure of the economic weakness of the United Kingdom and its unwillingness to face North American competition. There is also some anti-Americanism mixed in. The same attitude exists to a lesser extent in other Commonwealth countries, except Canada (and there could be a revival of it here if, regardless of GATT, the United States goes on restricting imports from Canada such as cheese and dried milk). In short, the Commonwealth and Sterling Area is certainly not dead. Frequent ministerial conferences are designed to keep it alive; ministers concerned with finance, supply and even the Colombo Plan.

9. European economic integration does not seem to be as healthy. After a quick and promising start, clearing away a part of the postwar underbrush of quotas and bans, it ran into the tall timbers of strong national and commercial vested interests. Then it slowed down quickly. When, last year, the "trade liberalization" programme bogged down new outlets were sought for the urge towards European economic unity:

(a) the working-party set up under GATT to explore possibilities of reducing the higher European tariffs (France and Italy) without equivalent reductions by the lower-tariff countries, assisted perhaps by some tariff concessions by North America;

(b) the so-called "sector approach", which would reduce European trade barriers in certain specific fields such as iron and steel (Schuman Plan) or agriculture (Pflimlin Plan) but which is open to the ever-present danger of protective cartel arrangements in these fields;

(c) international financial arrangements to facilitate expansion of industries that are economical and desirable from a European standpoint, and to alleviate the impact of the necessary contraction of other industries (the Pella, Petsch and Stikker Plans).

However, with the exception of the Schuman Plan which for political and military reasons has made good progress at least on paper, none of these programmes seem to be meeting with much success.

10. The European Payments Union (EPU) has proved to be a useful piece of machinery. It provides for multilateral settlement of trade balances within Europe and thereby reduces the dependence of European countries on bilateral trade-and-payments arrangements. During the last six months, when Western Germany was in special difficulties, it arranged temporary credits to finance German imports and thereby averted the possibility of a trade war on the Continent. But, unless the United States continues to pour new funds into it, its strength and scope are limited. It is even feeling some strain because it is being called upon to bear a part of the very limited burden arising from the Benelux integration movement. As a result of reduction of trade barriers, the Netherlands has a deficit with Belgium. This is being financed by EPU. Belgium, instead of being forced to grant bilateral credits to finance its exports to the Netherlands, is persistently getting paid in gold by EPU, and people are beginning to wonder how long Belgium (or Benelux) can be kept inside the EPU.

11. We may conclude that "integration" can make some progress in Europe, despite vested interests, if it is quite limited in scope and if someone comes in from outside and picks up the chips. Benelux can go ahead up to a point if EPU picks up the chips; European integration can go ahead up to a point if ECA picks up the chips or if North America can offer some other incentive such as unilateral tariff reductions.

12. If we widen our vision from the European area, and take in the whole North Atlantic area, a number of conclusions seem to emerge;

(a) A North Atlantic Preference Area, with all members substantially reducing trade barriers against each other but retaining existing barriers against the rest of the world, is completely impossible — politically, financially and economically. It clashes head-on with the Commonwealth and Sterling area and with European unity. Already the chips to be picked up by the United States as a result of a mild measure of European integration have proved pretty expensive; the chips to be picked up in Europe as a result of wholesale reductions of European barriers against North American competition would be enormous. Congress (let alone the Canadian parliament) would not pay the price even if European governments would accept it, and a host of European interests would be up in arms with their very lives at stake. Finally a North Atlantic Preference area would split the Free World in two: the North Atlantic countries on the one hand and all the rest on the other.

(b) The reduction of North American tariffs and other import barriers has helped and can help other North Atlantic countries as well as the rest of the free world. Since the most vexed tariff issues in the world are located in Europe, North American concessions designed to help in solving these issues would help to bind the North Atlantic area together economically.

(c) The most tangible evidence of a North Atlantic economic community is now, and is likely to continue to be, the provision of direct aid across the Atlantic and, to a lesser extent, amongst the European countries: United States aid under ECA or Mutual Assistance; Canadian mutual aid; similar aid from the United Kingdom to Continental Countries and so forth.

(d) In the past aid of this sort (under Lend Lease as well as ECA) has been used by the United States as a lever to get European countries to lower their trade barriers against each other and the rest of the world. This sort of pressure can and should continue.

(e) From now on North American aid to Europe will be largely military. Whatever international aid is forthcoming for economic development from the United States, Canada, and other countries, is almost sure to go to the "underdeveloped countries". This will strengthen the free world, and alleviate burdens that might otherwise have to be carried by the old Colonial Powers, but it will not contribute in any direct way to a North Atlantic economic community.

(f) A "community" based on "aid" which, although it is called "mutual" always appears to flow in one direction, is likely to breed squabbles within itself. The rich-relation poor-relation relationship hangs over it.

13. In short, it would probably be a mistake to try to force the further growth and integration of the economic community by any sort of purely economic discrimina-

tion amongst NATO countries and against the outside world. One might almost say, judging from nineteenth-century experience, that if the North Atlantic Treaty is a success in paving the way towards more peaceable world conditions, politically and militarily, the economic community of the North Atlantic will grow and flourish as it did a century ago when the international movement of men and money and goods was much more free than today. However, peace seems unlikely to break out suddenly and it is the special problems of cold war and hot peace that are the most pressing. In the economic field these problems consist of emergency shortages of materials, emergency government controls, and uneven impact of the burdens of defence. Some of these problems, notably material shortages, can only be approached on a world-wide basis, such as the International Materials Conference; but even in the field of materials there appears to be an obligation on NATO members, quite outside IMC, to make sure that urgent defence production is not held up because of particular shortages at particular times and places. Thus, the role of NATO in promoting the development of the North Atlantic Economic Community seems to lie in the following fields:

(a) reviewing the aid provided by some NATO countries to others in the light of the general position and weight of defence burdens;

(b) associating this aid with continuing pressure to reduce all sorts of trade barriers, but such reduction to be as far as possible on a most-favoured-nation basis and as little as possible on any preferential basis;

(c) minimizing the harm which the emergency controls in one NATO country do to the others;

(d) arranging, if necessary, for particular help from one NATO country to another, in the fields of materials, techniques, manpower, etc., if thereby the production of urgently needed arms can be increased.

14. The important thing is, not to expect some new sort of North Atlantic Economic Community to spring full-growth from a few North Atlantic Council meetings, but to realize that economic structures grow gradually like coral-reefs or anthills. They are produced, in our relatively free world, not so much by legislation as by the constant economic intercourse of private businessmen and financiers. The fact that people of various countries — bureaucrats and businessmen — work together for defence and for political objectives lays in itself both a political and economic basis for further "economic integration" — i.e. for further trade and finance.

IV. *Comments on Some Recent Proposals and Problems*

(a) *NATO vs. OEEC*

15. We have seen that, for some time to come, military aid is almost sure to be at the heart of whatever may be called a North Atlantic Economic Community, and that there may be a good deal to be done, during the period of rapid rearmament, in eliminating conflicts over shortages of materials, over the impact of emergency controls, over burden-sharing, etc. As far as NATO is concerned, these matters are now focused in the Financial and Economic Board in Paris. Similar, often identical

problems, connected with the European Recovery Programme, were focused in OEEC.

16. Unhappily, for various reasons some of which are obscure, FEB and OEEC have not yet settled down together. The "larger" and "smaller" circles, hopefully forecast, have so far been tangential instead of concentric. The membership is so nearly the same — especially if West Germany comes into NATO — that it is most unsatisfactory for them to live beside each other in splendid isolation. From the Canadian point of view it would seem desirable that NATO (FEB), with its broader and more immediate concerns, should, at least during the period of rapid rearmament, largely take over the staff and activities of OEEC, with its limited objectives of European cooperation and integration. If this could be done, at least on a temporary basis, and without too much damage or offence to aspirations for European unity, much would be gained. Canadian representatives have a much stronger status in NATO than in OEEC and have always been worried by the possible Little-European tendencies within the latter organization. With ECA aid dwindling and Mutual Security aid increasing, the American influence in FEB is likely to be stronger than in OEEC, and this influence may, in the last analysis, be counted on to resist Little-Europeanism.

17. However, we must not press for NATO to bite off a part of OEEC, even temporarily, without realizing some possible consequences. Canada, which has hitherto been merely an observer of the processes of European integration, may become a full participant in an organization which not merely calls the tune of trade liberalization, on the Continent and across the Atlantic, but which also has to pay the piper. In one way or another some of the costs and burdens of trade readjustment would fall on Canada — whether through financial contributions or tariff reductions. Further, we must not forget that OEEC is the leading symbol of European economic unity and any new growth which seems to put it in the shade will call forth most vigorous opposition.

18. Against these difficulties and disadvantages must be weighed not only the gain to NATO of a greatly improved staff in Paris but, in the long run more important, the advantages of economic integration extended over a wider area and on a firmer economic foundation. In a nut-shell, the costs to be met may be the price which we have to pay, and which we shall want to pay, for more permanent markets for Canadian goods in Europe and for a Canadian seat at a council table where European as well as North Atlantic issues are being thrashed out.

(b) *Stikker's "Phasing" Announcement*

19. Mr. Stikker proposes to announce that, after 1954, Europe can hope to resume more rapid progress towards higher living standards, with 1946-50 as the reconstruction period and 1950-54 the rearmament period. This announcement would have political advantages at the present time, even though it gives hostages to the future and to Mr. Stalin. However, it is most desirable that any statement about the "progress" phase, which is the pie-in-the-sky, should be carefully thought out.

20. It should not be in terms of a "little OEEC" or consolidation of Europe. If possible it should be in terms of an Atlantic Community within the framework of freer trade in the free world. The emphasis should be against protection and

restraints, whether between NATO countries or around their circumference, and towards supporting (indirectly) the GATT and the Fund rather than undermining them. References, if any, to OEEC Schuman and Pflimlin Plans should be as steps towards the broader strengthening of the free world. NATO is in a military sense the nucleus of the free world; but if a nucleus is to remain nuclear it must not do anything to cut itself off from the rest of the structure.

(c) *Proposals for Financial [Plans] Devised to Promote Arms Production in Europe*

21. During the past year NATO representatives of several European countries have noted that there were industrial plants in Europe available to make arms and have proposed various financial schemes to bring them into production. A recent survey of unemployed arms capacity, carried out by the Defence Production Board, has given new life to old ideas, particularly to those advanced by Mr. Van Zeeland.

22. Production of arms could be speeded up in a number of European countries if the United States would place orders there — "off-shore purchases" of arms. Financially and economically they are not strong enough to expand arms production without aggravating existing inflation and unrest. It now appears that the United States is going to place orders in Europe for spare parts of U.S. equipment and for ammunition. Orders are limited to these two items because there would be both political and strategic objections in the United States if complete equipment to be produced in Europe were ordered. (It is understood that the Canadian Department of Defence Production is willing to place orders over-seas, but in practice the scope for this sort of thing appears quite limited. In so far as it can be made to work, this form of transatlantic financing seems the most efficient and effective means of promoting arms production in idle European plants.

23. Some European spokesmen (French and Italian a year ago, but more recently Belgian) have suggested a "common fund" in NATO to finance additional arms production. Up to the present the obvious disadvantages of such a fund have prevented very serious discussion. It is supposedly designed to meet an emergency. Yet it could only be set up after protracted negotiations to decide how much each member should put into it and how much each could expect to get out of it and how it would be managed and controlled, and its subsequent operation would probably be cumbersome and contentious. Certainly, as long as the United States continues to view the proposal askance it has no chance of adoption.

24. However, if the United States changed its position, deciding that it was politically easier to place arms orders in Europe through a pool rather than directly, and if a pool were agreed upon then Canada would, of course, be expected to contribute. It is an open question whether, in the long run, we would provide more assistance through a common fund than we might otherwise provide under bilateral mutual aid. Certainly mutual aid seems more simple, more direct, and in general more satisfactory. On the other hand, if a common fund does emerge it will certainly become a centre of NATO attraction and activity, with possibilities of long-run political importance in the development of the North Atlantic Community.

(d) *NATO "Watchdog Committee" of Ministers Concerned with Article II*

25. This proposal should be welcomed as long as it is not expected to produce startling positive results quickly. Watchdogs exist to bite intruders — to protect against untoward developments.

26. The main activities of the Committee might be:

(i) to review from time to time the broad influence pulling NATO countries together and, more important,

(ii) to keep a special vigilance on economic causes of dissention and disunity, especially those that arise during a disturbing period of rearmament and inflation. The Committee would be specially concerned in FEB (and OEEC); precautions might have to be taken not to by-pass the Council Deputies.

(e) *An Executive Boss for NATO*

27. This is probably not a very practical proposal from a political point of view. However, anything which is successful in moving forward NATO plans for mobilizing and arming its forces contributes to the fundamental health of the organization. And, as argued above, the North Atlantic economic community is more likely to flourish on the basis of a NATO organization that is functioning healthily and busily for its own immediate (defence) purposes, than on the basis of broad resolutions for co-operation or a narrow straight jacket of new preferences and protectionism.

(f) *A "Declaration" Regarding Article II of the Treaty*

28. We understand that Mr. Van Zeeland has enlisted and is receiving U.S. support for some "declaration" at the coming Council meeting affirming support for the broad principles of social and economic co-operation set forth in Article II of the Treaty. Such a declaration must clearly receive strong Canadian support. No text of the proposed declaration has been received and so detailed comments cannot be made. However, most of the points in this memorandum will probably have some bearing on it.

(g) *NATO and East-West Trade*

29. If the United States does sponsor such a declaration, it would seem difficult for it to attempt, at the same time, to insist on the restriction of East-West Trade in Europe. If, as we have always insisted and the United States may now be going to insist, NATO is not merely a temporary military device but a permanent economic and social structure, this emphasizes that NATO countries, must, as a long-run policy, try to soften rather than harden the iron curtain. This, surely, is the end towards which we should work — unless we believe that World War III is imminent and inevitable.

[APPENDICE A/APPENDIX A]

Note de l'ambassade des États-Unis
Memorandum by Embassy of United States

SECRET Ottawa, August 29, 1951

NON-MILITARY OBJECTIVES OF NATO

This paper represents a summary of United States thinking as it is currently evolving with respect to the non-military aspects of NATO. These ideas have been discussed informally in London with Starkenborgh, Wilgress, and Bryn, where the immediate reaction was strongly favorable. They also reflect some of the ideas developed by Stikker with regard to the concept of a North Atlantic Community on a long-range basis.

In our view it is important to develop quickly our ideas as to means of strengthening the NATO organization and to discuss them in the NATO Council Meeting in Ottawa in September with a view to obtaining formal approval by the Council for a program of action. Consideration must be given to the problem in both its short-term and long-term aspects if we are to counteract the growing uneasiness in Europe regarding the manner in which NATO is developing, as reflected in Pearson's observations during his recent tour of Europe.

Short-Term Objectives

For the immediate future every effort must be made to overcome the impression that we value NATO only for purposes of military security, an impression which has developed presumably because of our concern with such current problems as the admission of Greece and Turkey to NATO and the implementation of the Medium Term Defense Plan. Reassurance is needed that the United States is primarily interested in preventing, not winning, a war and that the strength of the western nations when developed will never be used for aggressive purposes. We should also affirm our awareness that the defense buildup and the development of economic strength in Europe are mutually consistent and mutually necessary. The present intensive military buildup must be regarded as an investment which, when made, will permit a resumption of the drive to develop a higher standard of living in Europe.

Long-Term Objectives

We regard it as important to develop a more positive attitude on the part of European nations toward NATO, which is fundamentally a program of mutual self-help and self-preservation requiring European leadership and drive as well as American initiative and assistance. It is important to counteract the impression that the United States seeks to dominate its partners in NATO by imposing United States policies upon them and we must demonstrate our desire to take account of the views of other nations in the formative stages of policy-making. It must be made plain also that the United States is interested in furthering the integration of Europe equally with developing the full potentialities of NATO, in order to forestall fears of a Berlin-Paris-Rome axis unbalanced by a broader grouping.

In particular the United States is interested in the long-term objective of developing the non-military purposes implicit in Article II of the North Atlantic Treaty. This has a certain relationship to the problem of European integration, to which the European defense force and the Schuman plan appear to be giving genuine impetus, but that relationship lies in the background of our thinking. The important thing is that United States interest in Europe will not terminate when Europe can stand on its own feet militarily; we will not bring our troops home and return to the attitude which preceded World War II.

Program of Action

Tentative ideas have already been developed for a program of action which we hope will find full expression in the Council Meeting in September in Ottawa. Various possibilities are under discussion approximately as follows:

1. There is some feeling in Europe as a result of Stikker's interest in the concept of a North Atlantic Community that a statement might be released, probably through some European channel such as OEEC, possibly at the end of August. This possibility has been discussed by Stikker, Katz, Marjolin, and various European ministers at Strasbourg. The objective would be to generate a more positive European leadership and demonstrate the responsibility and interest of European countries.

2. The United States has been considering the appropriateness of a statement by Secretary Acheson which might be issued before the Council Meeting in September to reaffirm the interests of the United States in the wider long-term objectives of NATO and propose a special Council agenda item on this subject. The State Department seems to have concluded that it would be preferable for an appropriate item to be included on the agenda and that the Secretary make his statement before the Council when the agenda item is reached. Such a statement would take into account the objectives of the United States as outlined above and would propose a definite program for carrying it out.

3. We would hope to obtain from the Council a declaration of intention subscribed to by Ministers making it clear that, without prejudice to developments in wider frameworks such as United Nations or OEEC, or smaller frameworks such as the European Community, the members of NATO intend to work toward a progressively closer long-term association between any or all of them in all fields of endeavor. If in the meantime some statement such as suggested above has been made in Europe the Council might give it approval. This declaration might also include an announcement of the concrete steps to be taken.

4. One such step would be the establishment of a sub-committee of the Council designated as an advisory committee on non-military objectives, composed of a small group of Foreign Ministers. There have been various suggestions as to the membership of such committee, including a proposal that its chairman might be Stikker, to bring in representation from a small European country, and that the committee should include Pearson and Lange as logical members. DeGasperi might also be included to bring in the Latin countries and the Mediterranean area as well as active support for European integration. It is not suggested that any of the Big Three be included, since the group would then be too large if all of them, plus

Belgium, were to participate in this sub-committee. Still another proposal would include Spofford as a member ex officio. The sub-committee's function would be primarily of a steering and watchdog nature to follow NATO activities from the viewpoint of non-military objectives and development of the North Atlantic Community concept. It would make recommendations from time to time to the Council, or to the Deputies, as appropriate.

5. Another proposal, which does not seem to have made much headway, would establish a high-level advisory committee, of which the U.S. member would be a man of the stature of Conant or Bush and whose members, such as Jean Paul David and Haakon Lie, would concurrently lead national advisory committees to recommend national informational programs designed to bring about a better understanding of the principles on which NATO and other democratic institutions are founded. These committees would be supported by NATIS and would set up a working group selected from Americans and Europeans who have already demonstrated an appreciation of and intelligent interest in problems of intellectual and psychological mobilization. The working group would develop concrete projects and suggestions for consideration by NATO.

6. There is considerable United States interest in measures to obtain maximum coordination of foreign policy in NATO. We have the example of the British Commonwealth, where coordination is promoted in part by an extensive continuous interchange of information among partners who nevertheless maintain their freedom to differ and to negotiate their differences. This idea has been supported by both Lange and Starkenborgh and has found some expression in the Council of Deputies, where meetings in recent months have exchanged views on foreign policy questions involving Russia and the satellites. These have been of real value in developing a considerable degree of common policy toward Yugoslavia and in increasing the coordination of political guidance through the Council and the Deputies. A real advantage of the procedure developed in London has been its informality and the non-binding nature of the conclusions reached. We feel that this could be part of a process to obtain substantial agreement with our partners on specific issues of policy which would be helpful to the United States in reaching sound policies which our allies would be prepared to cooperate in carrying out wholeheartedly. It would probably have been desirable, for example, if the questions of the German defense contribution and the adherence of Greece and Turkey to NATO could have been developed in this manner through day-to-day consultation on the formation of policy in NATO. We think that proposals to develop closer consultation along these lines should not originate with the United States but come rather from the Canadians, Dutch or Norwegians. The objective would to make exchanges of views on foreign policy questions a matter of accepted practice in NATO and to develop at the same time a project for expanding the inter-change of information between NATO members on a regular basis.

478. DEA/50105-40

L'adjoint spécial du secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures

Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, September 6, 1951

Dear Mr. Pearson:

While you have been away, I have been doing a little thinking and agitating about the problems of forming the North Atlantic community. I have now put my ideas in the form of a memorandum to you. Arnold read the memorandum yesterday and said that I should sent it to you at once by registered air mail. (We are not mentioning this to George Glazebrook!)

Arnold was good enough to add that I could tell you the memorandum had his "cordial support".

With all best wishes.

Yours sincerely,
DOUG [LEPAN]

[PIÈCE JOINTE/ENCLOSURE]

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 6, 1951

THE NORTH ATLANTIC COMMUNITY

The purpose of this memorandum is to examine the impasse that we seem to have reached in working towards a North Atlantic community and to suggest the general direction in which we should look for the way out. We have been saying for many months that we are in favour of the "integration" of Western Europe so long as it takes place within the framework of the North Atlantic community. But we have found great difficulty in giving economic meaning to that latter phrase. Consequently, the temptation is strong to say to ourselves that European integration and the formation of a North Atlantic community are equally illusions and that we can safely use the familiar formula without taking some steps to create genuine economic co-operation within the North Atlantic community.

2. It would be highly unwise, I think, to yield to that temptation. The degree of success that has already been attained in working out the Schuman Plan and the Plevan Plan for a European Army suggests that the integration of Western Europe may actually be realized. This development, unless it is accompanied by progress

more or less *pari passu* towards co-operation in the North Atlantic area, will prove unfortunate for Canada, I am convinced. European economic integration could very easily mean the creation of new trade barriers against Canadian imports; and military co-operation among the countries of Western Europe could mean a great growth in neutralist sentiment. Both these possibilities would imperil the success of the North Atlantic Treaty. They would be particularly dangerous for Canada, since we would be left to deal with the United States on our own and almost inevitably would sink into a policy of simple continentalism.

3. We must, therefore, exert ourselves, I think, to begin to give economic meaning and content to the North Atlantic community that we have talked so much about. The unity of Western Europe is taking on a measure of reality. We cannot indefinitely attempt to match that movement merely by phrases. Yet it must be admitted that it is extremely difficult to see how a beginning can be made in forging closer economic links between the countries of the North Atlantic area. That is the impasse which, it seems to me, we have reached at present.

4. In my opinion, the difficulty arises, at least in part, because we have an inadequate idea of international economic co-operation. We have thought of it almost exclusively, it seems to me, in terms of removing obstacles and of increasing the scope of free competition. If international economic co-operation is seen in that light, it will be virtually impossible to assign any special meaning to economic co-operation in the North Atlantic area — or indeed in any other area. An international economic system which is moving increasingly towards free competition has no place for limitation or discrimination; and these are of the essence of any real regional association. If an attempt is made to reduce barriers within the North Atlantic area, the arguments used in favour of such an effort can also be used in favour of a world-wide reduction of barriers.

5. But the way of regarding international economic co-operation to which we in Canada are wedded is inadequate, I think, to deal with existing circumstances in the world, and with existing currents of opinion. Our own domestic economy is a mixture of free competition and of a large number of deliberate arrangements designed to protect groups and individuals from the consequences of the untrammelled play of economic forces. This is true in great or less degree of all countries in the North Atlantic area — even of the United States, as their agricultural policy abundantly illustrates. We must consciously recognize, I think, that any acceptable form of international economic co-operation nowadays will be similarly mixed. It will be based on as high as possible a measure of free competition in order to reduce the real costs of production. But imbedded in it will also be deliberate mechanisms for protecting the welfare of special areas and interests. The international economic system which exists at present is in fact such a matrix. It continues, for example, to be heavily dependent on massive intergovernmental financing. We ourselves, I would claim, have been both shrewd and generous in providing large slices of this financing. But, for the most part, we have regarded it as a method for producing conditions of comparatively stable equilibrium in which trade and payments could operate automatically. This attitude has persisted in spite of our contributions to the Colombo Plan and to the United Nations Technical Assistance Programme, both of which are essentially schemes for assisting depressed areas.

6. However, I do not want to be drawn into a long digression about the theory and practice of Canadian international economic policy. That the two are not always entirely consonant, and that we, like other countries, take action to protect particular Canadian interests when they are threatened by the free play of competition is proved, I think, by our butter policy over the last few years. What I am disposed to argue is that we should realize that any acceptable system of international co-operation must nowadays be a mixture of free competition and of planning, arrangement, facilitation, call it what you will.

7. If that is accepted as true, it becomes possible, I think, to give meaning to the idea of economic co-operation within a region. The region will be set off from the rest of the world not necessarily because trade within the area will be freer than trade elsewhere, but because the governments of the countries in the area have made deliberate arrangements among themselves in the economic field. If we want to foster economic co-operation in the North Atlantic area, the question we must ask is: In what fields can the governments concerned most appropriately make mutually advantageous arrangements?

8. I have not much doubt myself that the next step is to agree that in present circumstances the most promising field for economic co-operation in the North Atlantic area is defence production and finance. There are two reasons for choosing this field. In the first place, governments there have a wide sphere of initiative. Secondly, most of the economic difficulties under which countries in the North Atlantic area are suffering arise because a heavy defence effort has been superimposed on the precarious balance which had been achieved by the middle of 1950. What is required is co-operation to ease the places where the shoe pinches.

9. Let me recall some of the difficulties. Many countries are in balance of payments difficulties and are running deficits because of an increased volume of imports for defence and because of decreased exports as a result of conversion from peacetime production. The addition of defence spending to spending for other goods and services is also creating inflationary pressures in all of the North Atlantic countries. Finally in the background, there is the rise in the prices of raw materials, which is turning the terms of trade heavily against many countries, notably the United Kingdom. What we are looking for, therefore, is some mode of planned co-operation in the field of defence production and finance which will both ease these immediate problems and hold out hope of binding the countries in the North Atlantic area permanently together.

10. To my mind the conclusion is inescapable, that we must increasingly be working towards a situation where the decisions of what will be produced, where it will be produced and how it will be financed will be made by the corporate judgement of the partners in the alliance expressed through the North Atlantic Treaty Organization. I am not competent to suggest either the pace at which we should move towards this objective or the institutional form through which such decisions should be made. Indeed, it may be too early to see the answers to those two questions.

11. Since this conclusion may seem very ambitious, let me at once explain a little what I mean by saying that it should be *decided* within the North Atlantic Treaty

Organization what should be produced, where it should be produced and how it should be financed. I am not thinking of any formal surrender of sovereignty. What I have in mind is the development within the organization of techniques for making authoritative recommendations on these subjects which would inevitably have great influence with the national governments. It might be that in the fullness of time these decision-making functions would be institutionalized into some virtually supra-national authority. But, in my opinion, it is far too early to be thinking yet of such a grandiose structure.

12. The advantages of such a development as I have described might be listed as follows:

(a) The co-operation which would result would be long-lasting. We hope that by 1954 we will have broken the back of rearmament and that defence expenditures can taper off. But it is almost inevitable that they will continue at a high level for a very long period. If war is avoided, the best that we can hope for over the next fifteen or twenty years is the continuance of a state of tension between the Soviet Union and the West. This will require a higher level of armaments than the North Atlantic countries have ever supported in peacetime. If throughout this period there is firm co-operation in defence production and defence financing, one essential strand of the North Atlantic community will have been woven permanently.

(b) The type of co-operation which is contemplated is in many ways parallel to the economic arrangements which now exist domestically within many of the North Atlantic countries for shielding groups and individuals from the naked impact of economic forces. In the United States, for example, the South must still be considered as a depressed area. How is it assisted by the Federal Government? In two main ways, I think: By the large transfer payments made by the A.A.A. and other agencies to individuals; and by the location of defence plants (e.g. the atomic energy plant at Savanah) within the Southern States. Deliberate action of somewhat the same kind is taken in Canada to alleviate the difficulties of the Atlantic provinces. In the same way, the economic problems of the North Atlantic community would be alleviated, both by the siting of defence plants with an eye to national financial difficulties, as well as to strategic considerations, and by making transfer payments from one country to another.

(c) This development would be firmly rooted because it would be an attempt to deal with pressing difficulties. As we all know, if the United States were to buy more defence equipment in Canada, our balance of payments position on current account would be improved and we would be able to extend more mutual aid to our partners in Western Europe. The same is true of other countries in the alliance. Under the proposed arrangements, large subventions by the United States and to a lesser extent by Canada would still be necessary; but they might well be easier to secure, if the whole operation were regarded as planned co-operation for defence rather than as 'passing the hat' or even as 'burden sharing'. Finally, if defence production were really co-ordinated, it is perhaps possible to hope that increases in the prices of raw materials, which have been caused in part at least by competitive bidding, could be abated.

13. It must be admitted that there would be objections in some quarters, both in the United States and Canada, to the course that I am proposing:

(a) *In Canada* it might be feared that such arrangements would result in greater pressure for Canadian financial assistance to its allies. But such pressure is likely in any case to be very great; and it must be realized that any genuine form of economic co-operation in the North Atlantic area under present circumstances will require financial assistance from the two wealthier allies on this side of the Atlantic. There might also be some doubts in Canada about the surrender of sovereignty which such a system would involve. Here again, I think, it must be understood that, if an Atlantic community is to be formed, some surrender of sovereignty on the part of all the allies is inescapable. We have already in fact surrendered part of our sovereignty by giving to the North Atlantic Treaty Organization the right to recommend what forces will be needed and which countries should supply them. Under the proposed arrangements we would merely be giving to the Organization similar rights in the field of defence production and finance. In Canada's case the surrender of the unfettered power of decision in this field would actually be easier than in the military field, I think, since we could justly claim to sit in with the United States, the United Kingdom and France in making all major decisions.

(b) *In the United States* the Pentagon would almost certainly have reservations about giving to any NATO body the right to determine that defence production should be situated anywhere outside the United States. They might not take kindly to a state of affairs in which other countries would be able to influence a decision whether new aluminum production, for example, should be located in Canada rather than in the United States; and unless, of course, the United States were prepared to accept group decisions of that kind, there would be no point in attempting to foster the development outlined in this paper. On the other hand, the worst fears of the Pentagon — and of United States businessmen — might be stilled by the reflection that the United States would inevitably be in the dominant position to influence every decision that was made, both large and small. Progress would certainly depend on United States support for the purposes of the new arrangements. But I do not think that we need assume at the outset that such opposition as there would be in the United States could not be overcome. The State Department is now showing much greater awareness than previously of the necessity of breathing reality into the concept of the North Atlantic community. General Eisenhower is keenly aware of the delays involved in the present methods of stimulating defence production and of allocating NATO expenditures. There is a considerable body of opinion in Congress in favour of going much further than this paper advocates in the direction of establishing a North Atlantic federation. The prospect of securing United States support need not therefore, I think, be considered hopeless.

14. I have not enough experience in North Atlantic matters to suggest the precise arrangements which would be advisable if the general approach contained in this paper were adopted. You will be aware that the French and others have several times proposed that a common fund should be established by NATO to meet the charges of common defence. Such a scheme would be in harmony with what I am suggesting. But there might be other and perhaps less pretentious ways of securing the same ends. Conceivably, for example, firm recommendations in the field of

defence production and defence finance might be made by small executive committees of the existing Defence Production Board and Finance and Economic Board, the executive in each case to consist of the representatives of the United States, the United Kingdom, France and Canada.

15. The best form of arrangements would obviously require a good deal of further thought and discussion. I would hope, however, that we could agree now on the following points:

(a) that it is necessary to make a start without further delay in giving economic meaning to the concept of the North Atlantic community;

(b) that progress in this direction can more readily be made by way of planned co-operation between the allies than by attempting within the North Atlantic area to form some kind of free-trade bloc;

(c) that the first field to be cultivated in this way should be the field of defence production and defence finance;

(d) that we should move as quickly as possible towards a situation in which decisions of what should be produced, where it should be produced and how it should be financed would be taken by the corporate judgement of the North Atlantic allies expressed through NATO.

16. If these conclusions commend themselves to you, it would remain to be considered how they could be brought before the North Atlantic Council, either at its meeting here or in Rome. My own preliminary view is that in your opening statement here in Ottawa you might discuss this question, touching on the four points I have listed in the paragraph above. Then possibly the Council might empower the Sub-Committee of Ministers, which the Americans are thinking of proposing, to develop these ideas further. Or alternatively, the Defence Production Board and the Finance and Economic Board might be instructed to report at the Rome meeting on how the objectives I have sketched could best be achieved. Obviously this whole question cannot be considered in isolation from the paper on force requirements, which I understand is to be submitted to the Council when it meets in Rome. If the Canadian Government feels it necessary to reject out of hand the recommendations which will be made in respect to Canada in that paper, it would be difficult for you to take the initiative either here in Ottawa or in Rome in proposing wider authority for the Organization in the fields of defence production and defence finance than exist at present. On the other hand, if the Canadian Government is willing not to reject the military recommendations but merely to seek modifications in them so far as Canada is concerned, I do not think that you need feel inhibited from taking the line I am suggesting.

17. In any event, I should like to advise very strongly that you should not accept membership in the kind of small sub-committee that Spofford and Achilles are thinking of, unless it is reasonably clear that it will have some real substance to get its teeth into. You should not become involved in an exercise which might come down to considering only topics like psychological warfare. In reading some of the recent messages from London, I have had the feeling that some of the United States representatives there think that a community can be built out of hot air. On the contrary, it can only be built by meeting successfully (and with as much fairness to

all of its members as is possible) practical problems as they arise. That conviction lies at the basis of these suggestions.

18. You may remember that in September 1864 representatives of the Maritime Provinces were meeting at Charlottetown to consider a maritime federation when they received word that a delegation from Canada was on its way with alternative proposals for a wider union. The parallel cannot be pressed too far. But I think that the process of European integration is now at a point where we must either bring forward wider proposals of our own which would lay the groundwork for a North Atlantic community, or be content to watch the creation of a group in Western Europe which, by becoming increasingly independent, might frustrate the wider development we have at heart.

D.V. LEPAN

479. DEA/50105-40

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

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

SECRET Ottawa, September 7, 1951

NATO COUNCIL; OTTAWA MEETING

Attached is an uncoded telegram dated September 6 on the U.S. proposals on the non-military aspects of NATO. Owing to the cost of transmission to San Francisco we had decided to reduce the length of the telegram and were in the process of doing so when we were informed that a plane would be going for you this afternoon. Since it was felt that the telegram was not of great urgency, I am therefore sending you the original text by plane.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

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

TELEGRAM Ottawa, September 6, 1951

SECRET

NATO COUNCIL; OTTAWA MEETING

1. You will have seen from messages WA-3269 of August 31† from Washington and 2243 of September 4† from London that United States officials are giving a good deal of thought to the non-military aspects of NATO which might be empha-

sized at the Ottawa meeting. Some of their efforts strike us as pretty wordy and imprecise. There is also evidence of the common American tendency to believe that the creation of new machinery in itself constitutes a step forward.

2. As we have always attached, publicly and privately, a good deal of importance to Article 2, it would be impossible, we think, for the Canadian Government to take a merely sceptical or stalling attitude to proposals for pressing forward with the non-military objectives of NATO.

3. It seems to us that there is now some real danger that either the current vague proposals may result in a collection of empty platitudes or our setting out on various wrong tracks leading nowhere. We have therefore been giving further thought to the lines along which we might hope to see moderate but practical ideas developed.

4. It may prove tactically desirable for the Canadian Delegation to take some initiative in this matter, perhaps in your own opening address at the Council. You might at least pose some of the problems involved, and indicate possible lines of development. This might prove to be preferable to being put in a position of being prompted by others.

5. These are our preliminary reactions to some of the suggestions which have emerged from different quarters. They may prove of some assistance to you in your talks in San Francisco.

(a) *Economic Co-operation*

It emerged pretty clearly at our last meeting with you that this objective should not be envisaged in terms of an exclusive NATO free trade area. On the other hand, this need not imply that nothing can or should be done to give practical content to the provision of the treaty concerning economic co-operation. We are inclined to believe that one field in which some real progress might be made and which is vital to the maintenance of a stable North Atlantic Community is that of the stimulation and financing of European defence production. LePan has done a very interesting memorandum on this subject, making certain practical suggestions which I think well worth serious consideration, and which is being forwarded to you by airmail today. Obviously proposals of this nature imply willingness on the part of the U.S. (and probably Canada) to contribute financially. It might prove however that such an approach would be more attractive and feasible from the U.S. point of view than the continued delivery of military end items. So far as we are concerned, we shall not likely be able to resist pressure for further contributions to Europe in the next year or two. It is for consideration whether our contribution to a scheme of this kind which might lay the foundation for practical and continuing NATO economic co-operation might not be preferable to contributions in the form of mutual aid.

Any consideration of NATO co-operation immediately raises the problem of its relationship with non-NATO countries. In this connection your conversations with the Swedish Foreign Minister during your trip is obviously relevant and the possibility which you threw out of a "bifurcation of NATO" in which non-NATO states — e.g. Sweden, Switzerland and Germany — might be associated would be worth exploring.

Closely associated with the above is the Stikker Programme for a time-phased approach to European rearmament. You will no doubt have occasion to discuss this in greater detail with Stikker. Our feeling is that, on broad political grounds, some approach of this kind is becoming almost essential if the populations of the European NATO countries are to continue in the next few years to bear the increasing burden of rearmament. The inflationary pressures caused by rearmament are perhaps the most serious problem which NATO countries face today and the heart of the Alliance may be broken if ordinary people in the NATO countries are given no prospect of obtaining some improvement in their standard of living.

(b) *Common Foreign Policy*

Achilles and others now seems to be showing a tendency to switch the emphasis of proposals for the forthcoming meeting from NATO economic co-operation to the development of closer co-ordination of foreign policies. It is a little difficult to know just what they mean by this suggestion. If what is implied is fuller and franker exchanges of views in the Deputies that is all to the good. The Deputies cannot be empowered to reach semi-decisions which involve their governments in half measure. Where decisions are involved, there must be clearcut resolutions referred back to governments for decision. As you put it to the U.S. Ambassador during your interview with him the other day when he referred to "a common foreign policy" when you pointed out to him that the ideal to be aimed at was rather "common foreign policies".

(c) *Psychological Warfare*

There seems little doubt that there will be renewed pressure from the United States for the creation of machinery in the sphere of psychological warfare. We are inclined to be pretty sceptical about the usefulness of creating elaborate machinery for such purposes, however admirable. However, ideas so far advanced on this subject have not been precise enough for us to assess their possible usefulness.

(d) *Committee of Ministers*

As to the procedure for initiating and organizing these various proposals for forwarding the non-military objectives of NATO, we find that the Americans are increasingly favourable to the setting up of a committee of Foreign Ministers. There are, we think, arguments for and against this proposal, but one criterion for judging whether it could serve any useful purpose is whether the specific measures of a non-military character which it is designed to further have any real substance. If the Council decide for example to follow up concrete proposals for the economic development of NATO or in other fields, the Committee of Ministers might have a real job to do. If not, the Committee would be merely window-dressing.

The objections we see to the Committee are:

(a) that it might be a fifth wheel to the coach in that it might take away from the authority and prestige of the Deputies;[57]

(b) that in practice it is difficult to see how its members could work together much between Council meetings;

[57] Note marginale :/Marginal note:
It could operate through its 4 deputies [L.B. Pearson]

(c) that it might raise high hopes of achieving results which would then be disappointed.

On the other hand, if a positive programme is to be developed, then the stimulus and prestige provided by the backing of a ministerial committee might be valuable. The FEB and the DPB might be asked to work out jointly the details of such a programme under the direction of the ministerial committee.

As to the composition of the committee, it is clear that the original proposal for yourself, Stikker and Lange would have to be expanded to include a Latin country, e.g., Italy. The alternative would be to include the U.K., France, and the U.S. This might have a good deal to commend it. It would allay French suspicions and it is evident from reports from Washington that the Americans would like to be included, and the Committee could only achieve results if it worked in very close touch with the U.S. Government. But if you go this far you end up with at least seven of the twelve NATO countries and the argument for efficiency collapses.

6. We are, of course, well aware that both the United States and the European countries have mixed motives in advocating the furtherance of the non-military objectives of NATO at this time. In part, the Europeans are searching for a device which will enable the United States to continue economic aid to Europe. The Americans, for their part, seem actuated both by suspicion of a purely European economic integration and by the desire to coating the pill of the inclusion of Greece, Turkey and later Germany in NATO. On the other hand, there is doubtless involved in these ideas a substantial element of a genuine desire to further a NATO Community. Moreover, the economic and political difficulties which threaten NATO countries as a result of the impact of rearmament programmes on their economies are so grave that it would be difficult for the Council to meet at this time without advancing some proposals for their solution, or at least for an amelioration of the situation.

480. PCO/Vol. 204

Procès-verbal de la réunion du Comité sur les aspects économiques des questions de la défense

Minutes of Meeting of Panel on Economic Aspects of Defence Questions

TOP SECRET [Ottawa], September 7, 1951

Present

Mr. N.A. Robertson, in the Chair (Secretary to the Cabinet),
Mr. A.D.P. Heeney, (Under-Secretary of State for External Affairs),
Mr. C.M. Drury, (Deputy Minister of National Defence),
Mr. G. Towers, (Governor of the Bank of Canada),
Mr. W.F. Bull, (Deputy Minister of Trade and Commerce).

Also Present

Mr. J.E. Coyne, (Deputy Governor of the Bank of Canada),
Mr. R.A. MacKay, (Department of External Affairs),
Mr. A.F.W. Plumptre, (Department of External Affairs),
Mr. J.J. Deutsch, (Department of Finance),
Dr. E.P. Weeks, (Department of Defence Production),
Mr. R.G. Robertson (Privy Council Office).

Secretariat

Mr. C.C. Eberts (Privy Council Office),
Mr. H.F. Davis (Department of External Affairs).

DEVELOPMENT OF THE NON-MILITARY ASPECTS OF NATO

1. *The Chairman* said that Mr. Plumptre had drafted, for consideration, a memorandum on the economic implications of development of the North Atlantic community for the use of Ministers in discussing item 6 of the agenda of the forthcoming NATO Council meeting: "Future development of NATO, other than in connection with defence plans".

Further, a U.S. memorandum had been received indicating the preliminary thinking of the United States as to the line it might take on item 6 at the meeting. From this and other reports it appeared that the United States at present hoped that, in Ottawa, the Council would agree to:

(1) make a general declaration of intention to work towards the closer association of any or all of the NATO countries;

(2) establish, on a temporary basis at least, a Sub-Committee to consider, and make recommendations to the Council from time to time on, steps to promote the closer association of the NATO countries; this body to consist of the Foreign Ministers of Norway, the Netherlands and Canada and, possibly, Italy, and to draft instruments (1) and (3) and an announcement regarding its composition and objectives;

(3) issue an endorsement of the "European Manifesto" adopted by the Council of OEEC on August 29th, 1951.

The United States was likely to propose that the Sub-Committee consider, *inter alia*, before the Rome meeting, means of developing the maximum coordination of

foreign policy among NATO countries, and the possibility of a programme for bringing about a better understanding of the free institutions of member countries in conformity with Article 2 of the North Atlantic Treaty. In the latter connection, Washington had in mind the possible establishment in due course of a high-level NATO advisory committee, whose members would also head national advisory committees, to make recommendations on national and international public information programmes. There was also some indication that the United States might suggest study of the possibilities of intra-NATO cooperation in certain aspects of investment, transportation and communications.

Two papers had been circulated.

(Memorandum, August 31st, 1951, "The North Atlantic community-economic aspects" and annexed U.S. Embassy memorandum, August 29th, 1951 — Panel Document ED-43)

2. *Mr. Plumptre* said that the essence of his paper was that, if it were desired to further the concept of a North Atlantic economic community, thinking in terms of a preference area would be entirely unrealistic; closer cooperation in commercial policy could only develop gradually through trade concessions which should apply to the whole free world trading area; and the nub of intra-NATO economic relations for some years would be aid. Thus NATO's role in promoting the development of an economic community appeared to be in the following fields: (1) reviewing the aid provided by some NATO countries in the light of defence burdens; (2) associating this aid with continuing pressure to reduce trade barriers on a non-preferential basis; (3) minimizing the effects of the controls of one NATO country on others; and (4) arranging, if necessary, for help by one NATO country to another in materials, techniques, manpower, etc. to increase arms production.

Except for the section on OEEC, his paper represented generally the views of his department. The OEEC section suggested that it seemed desirable, from the Canadian point of view, that NATO (FEB), with its broader and more immediate concerns should, at least during the period of rapid rearmament, largely take over the staff and activities of OEEC, with its limited objectives of European cooperation and integration. The general view of his department, however, appeared to be that, for the present, it was undesirable to discourage developments in the direction of European integration for the sake of promoting North Atlantic economic integration.

3. *Mr. Robertson* said that his main comment on the paper was that portions of it might mislead Ministers by oversimplification of some of the issues.

4. *The Deputy Minister of National Defence* thought that an attempt to develop a NATO framework for economic cooperation would go on the rocks because the military authorities were likely before long to press for the inclusion in the alliance of several Middle East countries that would have no logical place in the North Atlantic economic community. OEEC, therefore, seemed a better framework for the development of economic collaboration.

5. *Mr. Robertson* said that this was one of the aspects of the admission of Greece and Turkey that had been causing concern to the Northern European members of

NATO. The United States might next propose the admission of Egypt, after which there would be pressure from the rest of the Middle East to enter the alliance.

6. *The Deputy Governor of the Bank of Canada* wondered if it had not been the original intention that NATO would become a large anti-Soviet grouping.

7. *The Under-Secretary of State for External Affairs* said that the original concept of NATO had been that of an essentially regional organization and one that would have a natural basis for economic development in conformity with Article 2 of the Treaty — a type of development that the government had stressed during and since negotiation of the North Atlantic Treaty. It was only recently that proposals had been put forward for the addition of Greece, Turkey and other countries.

8. *Mr. Robertson* thought that the argument for the development of a North Atlantic community was relatively simple in economic terms since the more countries that collaborated in the economic field the better. The difficulty arose when one considered the development of corporate NATO bodies that might have to include representation of the countries of the Middle East. Objections would be raised, on political and social grounds, to institutions that included such representation being concerned with the formulation of policies affecting Atlantic countries.

Thus, the problem of the future development of NATO as against OEEC appeared to be one of political and social rather than economic base. He doubted that it was wise to try to transfer functions and staff from OEEC to NATO. There did not yet appear to be grounds for fearing that Europe was accomplishing a degree of economic integration that was prejudicial to Canadian interests.

10. *Mr. Heeney* said that the idea was already developing that Turkey might have to be left out of developments under Article 2 if they were to materialize.

While some European statesmen, like Mr. Schuman, who were in favour of European integration were not neutralists, it was clear from Mr. Stikker's reservations about such integration that he feared that it would lead not only to French domination but also to neutralism.

11. *Mr. Robertson* thought that, while the French leaders favoured European integration in order to ensure the collaboration of Germany, he doubted that they were opposed to integration on a wider, North Atlantic scale.

12. *Mr. Coyne* enquired whether it was felt that the U.S. proposals for action on Article 2 should be opposed.

13. *Mr. Robertson* thought that the position was that the Americans had now come around to the frequently-expressed Canadian view that something should be done along the lines of Article 2 and that, while everyone was in favour of the development of the Atlantic community in principle, it was felt that it was now necessary to examine more carefully what action on Article 2 would really mean. The main aim of the U.S. proposals seemed to be, as indicated in the U.S. memorandum, to overcome the impression in Europe that the United States valued NATO only for purposes of military security and to demonstrate that it recognized that the defence build-up and the development of economic strength in Europe are mutually consistent and mutually necessary.

14. *Mr. Heeney* felt that it should be recognized that the United States had now firmly embraced the objectives of Article 2. Some of its proposals, such as machinery to develop a common foreign policy, common propaganda activities and an advisory Ministerial Sub-Committee, went pretty far and contemplated something in the nature of corporate political institutions. One difficulty was that the United States might create false hopes as to how much could be accomplished under Article 2.

15. *Mr. MacKay* thought that consideration might be given to the questions of whether it would be desirable for the Council to agree to a declaration of common policies, which would serve to assure Europe that it would be freed of its defence burden eventually, and whether there were any specific types of action — such as mutual aid, as suggested in Mr. Plumptre's paper — that could usefully be undertaken in common.

16. *Mr. Drury* said that such proposals were based on the concept of NATO as an Atlantic grouping. But what was it felt that NATO should be? Militarily, there could be advantages in a much larger membership but politically, and even economically, the desirability of a larger grouping was not so clear. The alternatives seemed to be a purely military alliance wider than the present one or an attempt to develop a North Atlantic community limited, for political reasons, to something like the present membership.

17. *Mr. Robertson* thought that it could be taken for granted that Greece and Turkey would, and that other countries might, be admitted to NATO. This factor had made it necessary to view earlier thinking regarding political association to the effect that there might be some political unity in the North Atlantic area. The United States seemed to be advancing its proposals regarding Article 2 at this time because of its pressure for the admission of Greece and Turkey, doubtless hoping to convince Europe that Article 2 could be given meaning despite the admission of these countries.

18. *Mr. MacKay* thought that the United States was proposing action on Article 2 also because it genuinely favoured such a development. The hard facts of the situation now were that the United States would propose action and Canada, as a protagonist of Article 2, would be in a difficult position to hold back.

19. *Mr. Drury* thought that the Ministers concerned should nevertheless be warned about looking to Article 2 as a panacea since the military authorities would argue for the territorial extension of NATO.

20. *Mr. Heeney* said that an argument for supporting action on Article 2 lay in the possible consequences of European integration movement which might, for instance, lead to an exclusive trading area. A better alternative might be to widen this movement to the whole of the present North Atlantic Treaty area. On the political side, a common body had already been set up in the form of the Council Deputies, who were gradually moving towards a position of taking binding decisions. With U.S. support, the FEB and DPB could be expected to move in the same direction. The U.S. proposal for machinery for arriving at common policies seemed a good one but the suggested common propaganda organization presented dangers.

21. *Mr. MacKay* said that the declaration of the Council of OEEC indicated that the Western European governments aimed at expanding their overall production by 25% in 5 years, in order first to strengthen their defences and, progressively, to have a growing surplus available for raising living standards; that the programme was to be accomplished through co-operative action on the production of coal, steel, power, raw materials, food and housing and on emigration, increasing productivity, curbing inflation and promoting trade; and that, in this connection, the co-operation of other countries would be required in bringing about a fair distribution of raw materials and more stabilization in their prices and in facilitating European emigration and exports.[58]

The question was whether this programme raised the possibility of a degree of European economic integration that would be contrary to Canadian interests or whether it would be useful to join in the proposed endorsement of the declaration which might be included in the suggested declaration of intention regarding Article 2 or take the form of a separate instrument.

22. *Mr. Heeney* thought that the OEEC declaration might be a bid for North America to participate in the raising of European living standards after completion of the Medium Term Defence Plan in 1954.

23. *Mr. Robertson* thought that Mr. Stikker's idea in promoting the OEEC Manifesto had been to have 1946-50 considered as the period of recovery, 1950-54 as that of rearmament and the period after 1954 as one in which progress towards higher living standards could be resumed on the strength of European resources freed from arms production. The object was to make the current defence programmes of European governments more tolerable to their people. In the circumstances, he did not see any objection to Canada endorsing OEEC's declaration.

24. *Mr. Deutsch* thought the proposed endorsement merely a further U.S. effort to promote self-help in Europe.

25. *The Governor of the Bank of Canada* wondered how the OEEC staff would function if taken over by FEB. OEEC had had specific responsibilities, its members had had a common problem and there had been a clear donor-recipient relationship between the members and the United States, with the latter in a position to force action. On the other hand, the issues in FEB might be diffuse and inexplicit and there would not be the same donor-recipient relationship. He would be sorry to see an early breaking up of OEEC.

26. *Mr. Plumptre* said that, as the NATO burden-sharing exercise was similar to work being done in OEEC, it had probably been a reasonable step to borrow some staff temporarily from OEEC for this exercise — which, for security reasons, it had not been possible to entrust to OEEC. Again, on the basis of his conclusion that the main emphasis in the coming years would be on aid and production, there was perhaps something to be said for FEB taking over the OEEC staff for the present.

27. *Mr. Heeney* pointed out that it had frequently been said that steps should be taken to put surplus European industrial capacity to work on defence production

[58] Voir/See United States, Department of State, *Bulletin*, Volume XXV, No. 639, September 24, 1951, pp. 487-488.

and that it would be helpful if means could be found of reaching decisions as to where various items of defence equipment should be produced. The defence production field seemed to be one involving practical matters in which it should be possible to make some progress in the direction of a North Atlantic community. It would probably be necessary to have some kind of political mechanism by which decisions could be reached.

European arms production could, of course, be speeded up to some extent if the United States would agree to make appreciable "off-shore" purchases.

28. *Mr. Drury* said that there was reluctance in the United States, the United Kingdom and Canada to place significant orders for equipment in Western Europe in view of the vulnerability of the latter.

29. *Mr. Heeney* wondered if this did not mean that creation of a "common fund", as proposed by certain Europeans, would be the only effective means of obtaining increased production in Europe.

30. *Mr. Drury* said that the U.S. Congress, desiring to maintain its control over U.S. expenditures on equipment, was likely to be opposed to such a fund.

31. *Mr. Deutsch* said that the Pentagon would be against allowing a NATO agency to assume the responsibility for deciding in which countries production should be financed from a common fund. It was unlikely that the Canadian government would contribute much to such a fund. A contribution of this type would be tantamount to a contribution towards closing the gap between commitments and requirements under the Medium Term Defence Plan. There would therefore be the question of whether Canada could afford to make such a contribution, at least unless it reduced its present defence effort proportionately. There did not seem to be any grounds for objecting to the principle of a common fund but the government might be reluctant to trust a NATO body to administer such a fund well.

32. *The Panel*, after further discussion, agreed that Mr. Plumptre's paper be revised in the light of the discussion and that the Department of External Affairs prepare appropriate documentation on the matters raised in the U.S. memorandum for the use of the Canadian Ministers attending the Ottawa meeting of the NATO Council.

481. DEA/50105-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures

Memorandum by Deputy Under-Secretary of State for External Affairs

SECRET [Ottawa], September 10, 1951

DEVELOPMENT OF THE NORTH ATLANTIC COMMUNITY

The objective should be the progressive development in the North Atlantic community of effective unity in policy and action in the political, military and economic fields for the purpose of increasing the safety and prosperity of the free world and strengthening its free institutions. We are developing effective unity in policy and action in the military field. The problem is how to secure equally rapid

development in the political and economic field. Otherwise NATO is likely to become more and more distorted.

Political

2. The principal method of developing effective unity in policy and action in the political field would be by the progressive development of a common foreign policy for the North Atlantic community or, if this sounds too ambitious, the "maximum co-ordination of the foreign policies" of the North Atlantic countries. This point is well developed in Part 3 of Achilles' telegram of August 8.† It means, as suggested in paragraph 6 of the American Embassy's memorandum of August 29, that the North Atlantic countries should follow the example of the British Commonwealth where co-ordination in foreign policies "is promoted in part by an extensive continuous interchange of information among partners who nevertheless maintain their freedom to differ and to negotiate their differences."

3. The Canadian Government has, from the outset, stressed the importance of the maximum co-ordination of the foreign policies of the North Atlantic allies. Thus, in his first speech as Minister for External Affairs, Mr. Pearson, on September 21, 1948, said that "a sharing of risks, resources and obligations in a North Atlantic security system must ... be accompanied by, and flow from a share in the control of policy. If obligations and resources are to be shared, it is obvious that some sort of constitutional machinery must be established under which each participating country will have a fair share in determining the policies of all which affect all. Otherwise, without their consent, the policy of one or two or three may increase the risks and therefore the obligations of all."

4. The establishment of machinery for consultation on foreign policy will not in itself be sufficient. The essential thing, as suggested by Achilles, is the development of certain conventions of an unwritten North Atlantic constitution. The first of these conventions would be that no North Atlantic government should adopt a firm policy on a matter of concern to the whole alliance without previous consultation with the other members of the alliance. A second convention which would flow from this would be that, after the consultation has taken place, each member government should, in determining its own policy, take fully into account the views of the other members. These two conventions are similar to the conventions set forth in the Resolution of the Imperial Conference of 1923 on the negotiation, signature and ratification of treaties.

Economic

5. The problem of promoting the progressive development in the North Atlantic community of effective unity in policy and action in the economic and financial field is not very different from the problem of promoting progressive development in the political field. In both cases it is a question of the development of a common policy for the North Atlantic community or of the maximum co-ordination of the policies of the North Atlantic countries. The problem in the economic and financial field is what steps can the North Atlantic countries take to develop common economic and financial foreign policies which would be best calculated to increase their safety and their prosperity.

6. The prime difficulty in tackling this problem is to decide where to begin. One of the most promising fields, as Mr. LePan has pointed out, is the making of inter-governmental arrangements in defence production and defence finance. I suggest that another would be planned co-operation between the North Atlantic Allies in the specialized agencies of the United Nations.

7. I have a very strong feeling that if the North Atlantic nations were to cooperate in strong, vigorous and imaginative leadership in the specialized agencies, these agencies could be made much more effective than they are today in promoting the prosperity and stability of the free world and increasing its feeling of corporate unity.

8. What is needed is for a group of leading nations to take a new look at western policy in each of the specialized agencies, in order to see if they cannot reach agreement on specific proposals which they will jointly put before those agencies — proposals possibly for new programmes, possibly for amendments in their constitutions. The North Atlantic countries would be acting as a nuclear group. Most of the agencies came into existence as the result of proposals made by nuclear groups. If an effort is now to be made to give them a more vigorous existence it is fitting that a nuclear group should take the initiative.

9. For the North Atlantic countries to act as a nuclear group would tend to increase their sense of community; it would give them a positive creative task to do; it would demonstrate that they are not self-centered and regionally-minded but are thinking in terms of the whole of the free world.

10. It would be premature to attempt to suggest the kind of new proposals which might be put forward in the specialized agencies. The procedure might be for a small group of ministers — perhaps the sub-committee the Americans are thinking of — to draw up terms of reference for meetings of groups of experts on each of the agencies. The important thing is that each group of experts should be given a clear political directive to consider *ab initio* in the light of the present situation the constitution, policies and programmes of a specialized agency and to make recommendations to the sub-committee of ministers on the changes which are required in order that that agency may more effectively promote the prosperity, stability and unity of the free world.

11. GATT should be considered for this purpose as a specialized agency, and the North Atlantic countries might usefully constitute themselves as a nuclear group to work out further mutual reductions in trade barriers on a most favoured nation basis. The reduction by North Atlantic countries of trade barriers on a multilateral basis would being a further "integration" of the free world trading area and more especially of the North Atlantic area.

12. If the tariff negotiations of a North Atlantic nuclear group are to succeed, it is possible that the meetings of tariff experts should be preceded by a meeting of ministers who would attempt to reach agreement on certain basic economic and political issues underlying the tariff negotiations. The important thing to ensure is that *throughout* any nuclear negotiations on the reduction of trade barriers full weight is given by the negotiators to political and strategic factors as well as to economic factors.

13. It may be that as a result of a joint discussion by North Atlantic countries of the problem of further reductions in trade barriers, the United States and Canada might agree to make unilateral tariff reductions.

14. Since the goal of the North Atlantic countries should be greater freedom of movement within the North Atlantic community not only of goods and money, but also of men, the North Atlantic countries might also study what steps they might usefully take to increase freedom of migration between the North Atlantic countries. The arguments against a preferential North Atlantic trading system do not apply to a preferential North Atlantic migration system. The immigration policies of virtually every country in the world are based on discriminations and preferences and no Canadian Government would propose the application to international migration of the most favoured nation principle.

15. (I am tempted to suggest that the North Atlantic countries should agree that by, say, 1961 they will establish complete freedom of migration within the North Atlantic community. One advantage of Canada and the United States agreeing to such an objective would be that they would have a direct and compelling interest in supporting during the next ten years policies which would be calculated to diminish the desire of Western Europeans to emigrate to North America. This means that Canada and the United States would have an even greater and more compelling interest than they have today in ensuring that Western Europe were defensible and prosperous.)

E. REID

482. DEA/50105-40

Le conseiller de l'ambassade aux États-Unis au sous-secrétaire d'État adjoint aux Affaires extérieures

Counsellor, Embassy in United States, to Assistant Under-Secretary of State for External Affairs

PERSONAL & CONFIDENTIAL Washington, September 10, 1951

Dear Charles [Ritchie]:

Since our talk on the telephone the other day about NATO Council's consideration of "the future development of NATO (other than in connection with defence plans)", I have been trying to clarify my own thinking on this subject. The conclusions which I have reached are perhaps not very clear or novel, but I think that they might possibly fit into thoughts generated in your more fertile mind.

The main purpose of the Council's discussing this item, as I understand it, is to try to think beyond the realization of the defence plans which are now projected or being put into effect and to map out the broader aims towards which the members of this alliance should strive. Recognizing that the attainment of military strength has of necessity been given priority in the first two years of the Treaty's existence, it is now apparently intended that an attempt should be made to chart the activities of NATO in non-military fields, particularly to provide a broader and more popular

basis for support among the general public. I think that there is general agreement that the purpose of this kind of discussion should not be to establish any new institutions until there is a clearer appreciation and closer agreement as to what should be done. In other words, we have to proceed from the assumption that at present there are organs enough and the problem is to provide the existing organs with appropriate tunes to play.

As I mentioned in our conversation, it seems to me that the most immediate problem requiring consideration are the consequences of the impact on the economic equilibrium of the democratic nations and of the NATO countries in particular of the accelerated defence programmes which are now being put into effect. Article 2, of course, in its second sentence requires the signatories to "seek to eliminate conflict in their international economic policies" and to "encourage economic collaboration between any or all of them." This will naturally necessitate discussion of the problem of inflation as a matter of immediate concern. Although such a discussion may possibly have embarrassing repercussions, particularly in bringing out the need for further transfers of economic aid to the countries of Western Europe to meet their more dire economic needs, this discussion could also, in my opinion, lead to an emphasis being laid upon the necessity of increasing production, and in particular of making better use of any idle capacity which may still exist in NATO countries. I am sure it will be argued that this question of inflation has already been worried over by every NATO Government and is also being dealt with by existing international bodies such as the International Materials Conference, the I.M.F., the F.E.B., etc. However, it does seem to me that people in Canada as well as in other NATO countries would be encouraged by a statement by the Council that a study of the means of coping with the inflationary effects of the defence programme is to be made a special concern of say the F.E.B. and other appropriate NATO bodies.[59]

The first portion of Article 2, as you know, requires the signatories to contribute towards "the further development of peaceful and friendly international relations by strengthening their free institutions", by bringing about a better understanding of their principles, and "by promoting conditions of stability and well-being". To redefine these general objectives in more specific terms has been a difficulty which we have had to face all along. It does seem to me, however, that the time is coming when we have to make a real effort to define in more specific terms what the North Atlantic Treaty stands for, as well as the things it opposes. It seems to me that what divides us above all from the Soviet System and its present aggressive manifestations are the following:

(a) our sincere desire for peace, as against their interest in prolonged and continuous conflict; and

(b) our moral conceptions, particularly our conception of freedom of the individual and of the relationship of the individual to the Community and state.[60]

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[59] Note marginale :/Marginal note:
[I] agree with this [C.S.A. Ritchie]

[60] Note marginale :/Marginal note:
I think this is a point which should be worked in somewhere in the Minister's speech. Now is the moment to give it emphasis. [C.S.A. Ritchie]

If I were to try to choose three symbols for the things for which we stand, I would choose peace, freedom and hope (hope of greater unity). These three symbols, in my mind, are all interconnected and related to our view of history and of the purposes of human living.

I was very encouraged by the tone set by Mr. Acheson at the conclusion of the San Francisco conference when he gave clear and sincere recognition to the limitations under which diplomacy operates these days and referred to "the peace of God that passeth all understanding". Even though the North Atlantic community now looks as if it is going to be divided more than ever, with the addition of Turkey, between religious sects and conformities, I still believe that the moral issues should be faced and defined in terms which appeal in their simplicity and sincerity as a real challenge to Communist dogmas.

What I have said probably adds little or nothing to the imprecise ideas which we are all trying to develop, but reduced to simple political terms it seems to me that the North Atlantic group of nations, having set as its first objective the development of a defence system strong enough to deter aggression and to keep the peace, should go on to claim and exercise leadership of world opinion (or at least that part of the world to which the democratic world still has access) in the political, economic, social and moral fields.

Institutionally, the attainment of such objectives does not necessarily, in my opinion, require any radical departure from the present organization of international relations. It does require improved methods of intergovernmental co-operation and consultation so that the leadership of the North Atlantic Community is not exercised by the United States Government alone but through its properly constituted bodies, such as the Council and its Deputies.

I do not share entirely the ideas apparently held by Mr. Stikker, as reported from London, that the "North Atlantic Community" should be developed to counter French inspired moves towards European unity through federation. I think that there is a real impetus to this movement toward unity in Western Europe based upon the necessities of survival. Canada, the United Kingdom and the United States are not, at least at present, under the influence of a similar order of necessity to consider political federation or something like it as an immediate objective. I think, therefore, that while adequate safeguards should be made against an undue domination of any Western European group by a remilitarized Germany, the idea of a "Western European Community" consisting at least of France, Italy, Benelux, Western Germany, Norway and Denmark should be encouraged. Once this is accomplished it would be easier to judge what advantages would be gained from developing a new political regrouping on a trans-Atlantic basis.

Yours ever,

GEORGE [IGNATIEFF]

483. DEA/50105-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissariat au Royaume-Uni

Under-Secretary of State for External Affairs to High Commission in United Kingdom

LETTER E-3224 Ottawa, October 2, 1951

CONFIDENTIAL

NORTH ATLANTIC COMMUNITY

It may be useful to have on your files some record of the discussions of this matter that took place in Ottawa during the recent North Atlantic Council meetings (other than those discussions which were recorded in the meetings of the Council itself) together with some of the working papers which were produced.[61]

2. The Council decided on Monday September 17, at the suggestion of Mr. Acheson, to set up immediately a Committee consisting of representatives of Belgium, Canada, Italy, Netherlands, Norway and the Chairman of the Council Deputies. This Committee of Ministers met briefly that evening. It had before it some notes based on Mr. Acheson's statement and entitled "Suggested Membership of the Committee proposed by Mr. Acheson on Item VI" (Document A attached).†

3. The Belgian Minister of Finance, Mr. van Houtte, took the chair (on behalf of Mr. van Zeeland who did not come to any of the Committee meetings). The other Ministers present were Mr. Pearson (Canada), Mr. Pella (Italy), Dr. Stikker (Netherlands), Mr. Lange (Norway). The Committee had a general discussion relating both to substance and procedure and decided to set up a Subcommittee of officials to draft a statement regarding the North Atlantic community and the continuing terms of reference of the Committee itself.

4. The Subcommittee met first at 10:00 a.m. the following morning. Baron Snoy of Belgium took the chair, assisted by Mr. Scheyven. The other countries were represented as follows: Italy by Magistrati and Gardini, the Netherlands by Stuyt and Van der Beugel, Norway by Raeder, and Canada by Plumptre assisted at times by Deutsch and LePan when they could get away from other pressing work. The Secretary was Nielsen of the staff of the Council Deputies. No other representative of the Chairman of the Council Deputies came to any of the meetings but Mr. Achilles made a few changes in one or two of the drafts as they flew by.

5. The Subcommittee had before it a document which had been prepared overnight by the Secretary: "Rough Notes on Meeting of Council Committee on Item VI, 17 September, 1951, at 9:30 p.m." (Document B).† After a short general discussion the Chairman proposed that two members of the Committee (Plumptre and Magistrati) should act as a drafting sub-committee. Plumptre said that [Deux lignes

[61] Voir aussi le document 476./See also Document 476.

de l'original étaient illisibles./Two lines of original were illegible] statement. Subcommittee readily accepted this suggestion.

6. Accordingly, Plumptre produced his draft (Document C).† This really consisted of two halves. The first half, made up of four paragraphs, consisted of some material which had been requested a fortnight previously by Mr. Pearson and prepared by Ritchie. It was designed to combat the "Communist peace campaign". The previous evening Mr. Pearson had instructed Plumptre to try to work this into the proposed statement. The second half of the draft that Plumptre produced was material that he had hurriedly dictated earlier that morning. The difference in the tone and texture of the two halves is clear enough! This was immediately noted by the Subcommittee and it was agreed that the first part of the statement should be somewhat curtailed and the latter built up. In addition the Chairman and Plumptre were asked to draw up a draft of the proposed terms of reference.

7. The next meeting of the Subcommittee took place at 3:00 p.m. the same day. A revision of the statement had been produced and for the first time a draft terms of reference (Document D).† It was at this meeting that the Italian representative first presented a request that the statement should include a reference to the "equal status" and "equal footing" of all members of the community and a related reference to the Italian Peace Treaty. At every stage from this point on this question took up most of the discussion. It is scarcely too much to say that on this account the terms of reference did not get any very close scrutiny at any stage. There is no doubt that the statement got much closer scrutiny.

8. There was a meeting of the Ministerial Committee at 6:00 p.m. on Tuesday at which the process of cutting down the first half of the statement and expanding the second half was carried forward. During the discussion of the Italian issue Mr. Pearson put forward the form of words which eventually found their way into the final statement at the end of the first paragraph: "All obstacles which hinder such cooperation on an equal footing should be removed". Nevertheless the Italians were not diverted from their attempts to get a specific reference to the Italian Treaty either into the declaration itself or into an annex. Discussion of the Italian issue was so prolonged that the meeting had to be adjourned so that members of the Committee could go to Mr. St. Laurent's dinner. The Committee re-assembled in Dr. Stikker's room at 11:00 p.m. and continued the discussion, chiefly on the Italian issue, for another hour and a half. It was, however, during this meeting that a preliminary understanding was reached, at any rate amongst some members of the Committee, to the effect that between the Council meetings in Ottawa and Rome a working group should be set up to carry forward the work in London or Paris, or both. Further, the Ministers, or some of them, appeared to agree that a further meeting of their own Committee ought to take place in Paris just before the General Assembly of the United Nations. At this meeting also the Ministers resurrected some sections of the first half of the statement which had by now become rather emaciated.

9. Accordingly, on Wednesday, September 19, the draft Declaration, together with draft terms of reference, were submitted to Council (Council Document C 7-D/18).† The records of Council will indicate the amendments moved by various members of Council. These amendments were then referred to the drafting Sub-

committee for incorporation into a final draft. The only amendment which showed signs of causing serious difficulty was the United Kingdom proposal to include a reference to the "purposes and principles of the United Nations". The Portuguese called attention to the fact that they were not members of the United Nations. However, the reference was changed so that it read "the purposes and principles of the *Charter* of the United Nations" to which not even the Portuguese could object since it was the exact language of a part of the preamble of the North Atlantic Treaty.

10. Hence the final document was produced. For convenience a copy is attached (Document E).[62]

A.D.P. HEENEY

484. DEA/50080-40

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

SECRET Washington, October 15, 1951

SOME THOUGHTS ON CANADA, THE NORTH ATLANTIC COMMUNITY, AND ARTICLE 2 OF THE NORTH ATLANTIC TREATY

1. I encounter concern in Washington about the emphasis which is being laid in Canada on action to "implement" Article 2 of the North Atlantic Treaty, with the object of developing or integrating "the North Atlantic community" in non-military respects. As a result of the discussions during the meeting of the Council in Ottawa, a ministerial committee of five, with singularly vague terms of reference, will shortly be faced with the task of making recommendations to the Council on what should be done. That is the reason for this paper.

2. I have long been troubled by frequent Canadian references to the need for early action under Article 2. Although there is support in the State Department for an attempt to develop practicable methods, it does not seem to reach to the policy-making level, and I can detect no interest in the Department of Defense or in other Departments concerned with NATO in one way or another. I have reason to fear that in consequence the view is gaining ground here that there is a lack of proportion in Canadian policy towards NATO, involving too little concentration on the urgency of building effective defences against the Soviet danger and the diversion of too much time and energy to talk about hazy ideas. This might lead to a belief that Canada was trying to divert attention from alleged deficiencies in the Canadian military contribution to NATO, such as the absence of national military service, although I have not heard as yet any such suggestion.

3. The Secretary of State, in a broadcast on October 7th, put in three sentences the priorities which currently guide the policy of the United States as follows;

[62] Non imprimé./Not printed. Voir/See United States, Department of State, *Bulletin*, Volume XXV, No. 640, October 1, 1951, pp. 524-525.

"There are two necessities of the hour which we must keep before ourselves with absolute clarity: one is the need for speed in building our strength so that we can pass through this period of danger as quickly as possible. The other is the need for unshakeable unity among the free nations. There is general agreement that unity is essential to freedom, and that unity is a good quality, but *the times call for action, not abstraction.*"

4. I can speak with some authority on what was understood by Article 2 in the course of the negotiations of the Treaty. There was initially strong resistance by the United States to the inclusion of an article of this description and little interest on the part of the other governments. In the outcome the article was drafted in a form which does not require any collective action. It is primarily a pledge by the governments that *in their own national policies* they will give effect to the economic and political undertakings set forth in the article. It was recognized also that two or more of the parties might on occasion jointly further these undertakings, especially those relating to economic collaboration. A reason stressed at the time in my instructions from Ottawa was that a reference of this sort in the treaty was desirable as a general cover for a very broad trade agreement between Canada and the United States, a project then under serious discussion. Throughout the negotiations there was resistance to any suggestion that the adoption of the article would lead to the establishment of special NATO agencies. The Secretary of State would have much preferred that the substance of the article be included in the preamble, and it was only with great difficulty that his objections were overcome to putting it in the treaty itself. In presenting the treaty for approval by the Senate the State Department emphasized that the article did not involve the creation of any new general economic or cultural agencies.

5. I should hope that the report of the ministerial committee would recite the difficulties in the way of collective NATO action under the article. I need not rehearse the problems inherent in the membership of NAT countries in other international organizations charged with functions of an economic and cultural nature, such as OEEC, GATT, ECOSOC, UNESCO, IMF, The Economic Commission for Europe, and so on. (One might add the British Commonwealth and the Organization of American States to this list.) The report could also emphasize that among the North Atlantic group the economics and diplomacy of defence, their collaboration in which depends on Articles 3 and 5 of the Treaty, will for a long time dominate the scene, and that this is the responsibility of other NATO agencies. The committee, I think, should do its best to kill the idea that collective action should soon be expected or desired to "implement" Article 2. Might not an effort be made in documents and public statements to avoid in future references to "the implementation of Article 2"?

6. It is clear that progress towards the integration of the North Atlantic countries cannot be achieved for some time except in the context of integrating their capacity to resist Soviet power. The North Atlantic alliance is now getting ready to be able to fight a total war with the Soviet Union, in the hope that adequate preparation will prevent the war from ever taking place. Our military aim is to have in being on any hypothetical D-day a force large enough to ensure that D-day, like tomorrow, never comes. The preparation must be on such a scale that, if it is successful, we shall

have achieved a high degree of integration without simultaneously seeking integration of a sort that can definitely be labelled "non-defence". When that stage is reached, there should be the best opportunity for a thorough examination of what more can be done to cement the North Atlantic group.

7. Members of the alliance, however, can encourage the application in non-military matters of the undertakings of Article 2 of the Treaty without setting this as an aim of NATO agencies. Thus the report of the ministerial committee might propose that, when questions bearing on these undertakings arise in other international organizations, the members of NATO therein represented should do their best to see that the application is furthered. The report might suggest that there should at times be preparatory consultation between governments on such issues and also that the delegations of NAT countries should maintain contact on them at conferences. None of the international bodies before which matters of this sort are likely to come includes all the members of NATO; those members represented in any of them might act as guardians of the interests of absent members in connection with the furtherance of Article 2. This suggestion admittedly is window-dressing, but the ministerial committee will have to come up with something positive in its report!

8. A more productive but more difficult approach to the problems before the ministerial committee is to recognize that, while early progress cannot now be made towards the creation of NATO institutions with supra-national authority, the closer integration of some countries of Western Europe is a practical possibility the attainment of which would serve the interests of the North Atlantic community. In Article 2 of the Treaty the undertaking of the parties to "encourage economic collaboration *between any or all of them*" was deliberately inserted. The greater integration of the sub-region within the North Atlantic area which is composed of France, the Low Countries, Western Germany (not yet, of course, a part of the North Atlantic community in the Treaty sense), and Italy, would be in accordance with the intent of the Article.

9. The idea of the creation of "a political Commonwealth of the North Atlantic" is in present circumstances so remote from attainment that to discuss it as an aim of current policy is unrealistic. In contrast, there is a real aliveness in the idea of a Western European Commonwealth. It comes within the comprehension of the ordinary citizen of those countries of Western Europe which have for generations been subjected to periodic military occupation and have provided the battlefields and a large share of the casualties of many great wars. The idea, furthermore, has the advantage of strong public support in the United States. In addition to its greater realism, it fits into NATO defence planning, and important moves to bring it about on a functional basis (Schuman and Pleven plans) have already been made.

10. This brings me to a point which may be of great political importance. I detect in some at least of the thinking in Ottawa the view that the limited aim of Western European integration and the larger aim of North Atlantic integration are mutually inconsistent, or at any rate in some degree conflicting. Certainly there is an impression in Washington that Canada is cool towards projects of European integration. If this impression is incorrect, steps should be taken to remove it.

11. One of our former difficulties in approaching projects for the integration of Western Europe has greatly diminished. It is now clearly recognized that the United Kingdom will not be a full participant in any such schemes, and the reasons for this are well understood. The idea of a North Atlantic community would, in my view, be strengthened rather than undermined by the creation in Western Europe of a new great power, comprising roughly the territories of the Empire of Charlemagne. Such a power, tied in a strong defensive alliance with the United States, the United Kingdom, Canada, and the Scandinavian countries, might in time alter beneficially the entire balance of world politics. The immediate steps towards its attainment, all of which require action before the end of 1951, are bringing the Schuman Plan into operation, getting agreement on the project of the European Army, and the establishment of the new relationship with Western Germany.

12. What I have said has taken me a considerable distance from the problems directly before the ministerial committee on the North Atlantic community. My remarks have been prompted in part by reading the departmental Policy Paper on "Western Europe and the North Atlantic Community", with much of which I find myself in disagreement. I hope, therefore, that several of the propositions stated in the latter part of this paper will not guide the Canadian attitude in the ministerial committee. If they were to be accepted, I think that we should find ourselves drifting into a series of disagreements with the United States, none of them perhaps of much individual importance, which would have the cumulative effect of diminishing our influence in Washington. We should be regarded, to use the words of the Secretary of State quoted above, as indulging in abstraction, not action.

13. As to the direct terms of reference of the ministerial committee, on point (a) about co-ordination of and consultation on foreign policy, doubtless some general formula can be devised, but it is not likely to mean much; it would be certainly impracticable to envisage a uniform system of consultation applicable alike to Portugal and Iceland on the one hand and the United States and United Kingdom on the other hand. As to item (b), I have nothing to add to what I have suggested above — agreement to encourage the application of the undertakings of Article 2 in other international organizations, to apply them in national policies, and to look with favour on economic and other forms of integration in Western Europe. As to item (c), I have nothing to suggest that would be of value in the NATO context.

H.H. WRONG

485. DEA/50105-40

Le chef de la Direction économique
au sous-secrétaire d'État adjoint aux Affaires extérieures

Head, Economic Division,
to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL London, October 18, 1951

Dear Charles [Ritchie],

I arrived here Sunday afternoon after a quick and pleasant trip, to find a warm welcome waiting for me. Ed Ritchie and Saul Rae met me at the airport; Dana [Wilgress] has invited me to lunch twice this week.

The Working Group on the North Atlantic Community has already had two meetings this week and will have two more. From the organizational point of view it is starting out along exactly the sort of lines we had hoped. I am, of course, being guided by the discussion, both of organization and substance, which took place in the Minister's office on October 11 — two days before my departure. I have made some notes on that meeting and I attach two copies. I would be grateful if you would look them over. I want to make sure that they are a reasonably accurate record of what took place.

I have talked over these notes with Dana and Saul. Dana had a number of helpful suggestions to make, but there is only one comment that I think I need to mention to you. This refers to the last two sentences of paragraph 4(c).

I put these two sentences in very deliberately because they contain the replies which the Minister gave to two questions that I raised with him: first, what was his own "philosophy" of Article 2; and secondly, did he feel that other Ministers agreed with that philosophy.

In spite of his reassuring answer at the time, I did not feel too certain that other Ministers would accept anything approaching "loose federation" (the phrase he used) even as a long run objective, and I now find that Dana feels the same thing very strongly. Apparently when Dana was in Ottawa for the Council meeting he was spoken to by at least two of the other Ministers directly concerned who spoke to him pretty vigorously along lines which would indicate, in the face of newspaper stories which used the word "federation", that they themselves wish no part in it. I thought I had better send you this piece of information just in case there was some divergence of view of which our Minister was not aware, and which might emerge to his embarrassment at Rome or subsequently.

In regard to paragraph 7(b) of my notes, I should perhaps add that the Working Group is now so organized that none of the countries are likely to wish to put in papers. Submissions to the group are all made orally (everybody welcomed this) and notes are being kept which will serve as a basis for interim reports to Ministers at their first meeting.

One last point, I intended, as you know, to make contacts with Norman Robertson, Towers and Clark before I left. You and I had a talk with Norman, but I failed

to contact the other two; I was unwell when my appointment with Towers came around, and Clark did not seem very anxious to discuss the matter so I did not press it. Nevertheless I feel that for the protection of our Department and ultimately for our Minister, there should be some sort of information given at an early stage to the other Departments concerned.

I wonder whether you would consider giving copies of the attached notes, on a more or less personal basis, to Deutsch, Beatty and Beaupré, and possibly to somebody in the Department of Citizenship and Immigration. If this were done it would, I think, be important to delete the last two sentences of paragraph 4(c) to which I make reference above, and possibly one or two other deletions which you would want to make. I would, however, feel quite disturbed if there were no inter-departmental information given in advance about the current work on the North Atlantic Community. There may be certain points which will worry people in other Departments — although not seriously I think. In any case we have got to face up to these worries and it is better to do so immediately than to allow all sorts of dark suspicions to develop. Incidentally if other Departments have any comments to make on the attached notes, I think we should welcome them at this early stage.

Greetings to all.

Yours sincerely,
WYNNE PLUMPTRE

[PIÈCE JOINTE/ENCLOSURE]

Notes du chef de la Direction économique

Notes by Head, Economic Division

CONFIDENTIAL [London], October 15, 1951

COMMITTEE ON THE NORTH ATLANTIC COMMUNITY
GENERAL PLAN OF WORK

1. On October 11 there was a meeting in the Minister's office to review the coming work of this Committee, and of its Working Group which was to be set up in London the following week, which I was to attend, and of which I would probably become chairman. In addition to the Minister, Mr. Heeney, Mr. Ritchie, Mr. Pick and myself were present.

2. The Minister approved the proposal that the Working Group should, if possible, be conducted very informally. Scope should be given, not merely for formal "national" presentations, but also for a pooling of any ideas on the North Atlantic Community which might be put forward on an individual or personal basis. All the proposals and ideas should as far as possible be compiled, together with some notes and comments on them, into a report for consideration by the Ministerial Committee at its meeting early in November. The Committee could then give some guidance to the Working Group as to which lines of endeavour seemed profitable and which unprofitable.

3. It was, of course, understood that although individual members of the Working Group might put ideas or even papers into the pot, the report of the Group, for consideration by Ministers, would not — or not necessarily — attribute these ideas to the member or members that had produced them. The report would simply compile the various proposals, some good and some bad, together with some comments on them, for preliminary consideration, and for preliminary winnowing, by the Ministers themselves.

4. In addition to this compilation of specific proposals and ideas the Minister asked that the Working Group should:

(a) Make an early contact with O.E.E.C. (Marjolin).

(b) Compile a roster of chief activities of all the existing agencies in which NATO countries were cooperating with each other — running from the Benelux operation through to agencies of the U.N. Special attention might well be paid to the work done by the Western Union organization in Brussels on non-military matters.

(c) Engage, perhaps at the outset of its work, in an exploratory discussion of the philosophy or principles underlying the idea of the North Atlantic Community and the apparently growing interest in Article 2 of the Treaty. In this regard the Minister said that he himself was certain that, during the next fifty years, the NATO countries and probably other free countries as well were bound to come much closer together, perhaps into some form of loose federation, whether by process of gradual growth or as a result of some cataclysm, and it seemed sensible and desirable to try to look ahead and foster this sort of tendency. He felt confident other Ministers would be in sympathy with this as a long term goal, although there might be all sorts of differences and objections about the means and pace of attaining it.

5. The Minister emphasized that he did not expect his own Committee to make a final report at the next meeting of the Council in Rome. It would be necessary to make an interim report at that meeting, and this should include as much material as practicable, but a final report would probably have to await the following meeting. In any case, he did not wish the Working Group to be rushed.

6. In regard to the "pooling of ideas" operation, the Minister ran through a list of most of the ideas that have been put forward from one quarter or another in the past, and made comments as follows:

(a) *Political*

(i) More frequent and regular meetings of the Council. This recommendation could and should be included in the Committee's report.

(ii) Increased political consultation and exchange of information amongst Council members. This was desirable but it should not necessarily be extended by each NATO country to all other NATO countries on the same basis. Moreover it could and would extend beyond that group of countries; there was no fence around NATO. Finally, there were limits to which some countries, notably U.S.A., could consult with or even inform other countries regarding their intentions.

(iii) Use of the Council Deputies for (ii) above. Again, this was desirable, but it had to be recalled that some Deputies were in a quite different position from

others, depending on the political and constitutional practices of their countries. The Portuguese Deputy might be in a much better position to make commitments than the Deputy from the U.K. or the U.S.A.

(iv) Use of the Commonwealth as a pattern for NATO. It might be well to warn other NATO countries against hoping to learn too much from the Commonwealth. At any international gathering, "Commonwealth Cooperation" consisted of "one meeting and two cocktail parties" for the Commonwealth Delegations. Insofar as the Commonwealth countries work in harmony, it is on the basis of the deep common roots of their parliamentary systems and personal freedoms. Further, it should be realized that no really controversial subject is ever touched in a meeting of Commonwealth Prime Ministers; a "burden-sharing" exercise would be out of the question! Moreover NATO has already gone far farther in setting up centralized machinery than the Commonwealth has ever gone, or than Canada has ever been willing for it to go. Proposals that NATO could learn something from the Commonwealth seem to come from the U.S.A.; it would be desirable if State Department could circulate papers to NATO countries as C.R.O. circulates them to the Commonwealth, but it is doubtful how far State Department can go in this direction.

(b) *Economic*

(v) Consultation amongst NATO members in the economic field, and an attempt to bring a "NATO point of view" increasingly into U.N. specialized agencies, I.M.C., G.A.T.T., etc. through the instructions issued to delegations from NATO countries to these bodies. This might be a desirable objective, but if anything were done it would have to be done with the greatest circumspection to avoid the suspicion, especially amongst under-developed countries, that the NATO (imperialist) powers were ganging-up. It might be possible for each NATO country to review, in a new light, the behaviour of its representatives in the various international agencies; but this, in turn, would raise many difficulties — organizational, inter-departmental, etc.

(vi) Some sort of extension of subsidized travel (migration) arrangements amongst NATO countries. It was considered that there would be serious objections to any such proposals; but at any rate they were worth looking at.

(vii) Intergovernmental agreements covering private investments. The U.S. had a habit of sponsoring such agreements and, if they had any use at all, this seemed to be in relation to relatively irresponsible or shaky governments of the Latino type rather than North Atlantic governments. However, there could be no objection to looking at any suggestion that might be put forward.

(c) *Social*

(viii) Facilitation of general travel (visas, etc.). This was something that might well be examined; but the legislative limitations on the U.S. Administration (McCarran Act) should be kept in mind. In this, as well as other fields, there might be quite a good purpose in reviewing the legislation and administrative arrangements in the various NATO countries which positively *prevent* the North Atlantic community from developing.

(ix) Fellowships, scholarships and student exchanges. Before embarking on any new arrangements for NATO purposes it would be useful, at least in the case of Canada, to have a complete review of all existing facilities, financial and otherwise, governmental and non-governmental, that could be used for these purposes. This review should not omit military training (staff-college) arrangements.

(x) Proposals leading in the direction of "common citizenship" amongst some, although not necessarily all, NATO countries. There are grave difficulties here but, at any rate as a long-term possibility, these proposals are worth considering.

(d) *Information*

(xi) Whatever was done in this field it was most important to keep in mind that the basic objective should always be the building up of a long-range community, rather than a mere temporary surge of strength in the present cold-war against the U.S.S.R.

7. Two other points arose in relation to the pooling-of-ideas activity:

(a) The minister agreed that day-to-day reports on the back-and-forth progress of the Working Group's discussions would not be useful and were not expected;

(b) The Minister said that, if it seemed desirable at some stage for a Canadian paper to be put into the Working Group for discussion, it might well include a good deal of the material that LePan had put into his proposed Draft Statement on Item 6 on the last Council Meeting Agenda (dated September 13); however, the material might have to be recast and, in any case, care would have to be taken to remove those parts to which other Departments had objected.

486. DEA/50105-40

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

High Commissioner in United Kingdom
to Assistant Under-Secretary of State for External Affairs

SECRET AND PERSONAL London, October 30, 1951

Dear Charles [Ritchie]:

I want to thank you for your letter of October 27th, and for your kindness in sending me a copy of Hume's memorandum entitled "Some Thoughts on Canada, the North Atlantic Community, and Article 2 of the North Atlantic Treaty".

I wish you would let Hume know how much I appreciate the trouble he has taken in preparing this memorandum. It has thrown a beam of light through the fog surrounding this subject ever since I was invited by Ted Achilles to attend that dinner at which he broached the subject of the future of the North Atlantic Community. This was the first I heard of the whole idea, so Washington cannot accuse us of taking the initiative.

As you know, I have long been mystified as to what exactly was the reason why we sponsored Article 2 of the Treaty. Ever since I became Canadian Deputy I have

not been able to obtain instructions as to what position I should take whenever the question of "implementation of Article 2" came up for discussion. I have felt embarrassed and mystified, but Hume's memorandum serves to put the position in a better perspective.

There is much else in the memorandum with which I am in agreement. I have never been able to take seriously the proposal for closer integration of the North Atlantic countries. The reasons why the European countries should integrate are (1) the threat of Russian aggression, and (2) their economic problems resulting from the loss of overseas markets in manufactured goods.

Canada and the United States are threatened by the first factor, but much less immediately than the European countries because there is either the Atlantic Ocean or the wilderness of Siberia between them and the Red Army. While, therefore, the stimulus for the close integration of the European countries is powerfully present, it is much less so in the case of the North American members of the North Atlantic community. The conception of that community is a very grand one and originated, I believe, with Walter Lippmann, but he never envisaged it as anything more than a close alliance, which in essence it is.

It is when Hume begins to talk about integration of the continental countries of Western Europe that I begin to have more doubts. The Schuman Plan and the Pleven Plan may be considered to be the first steps in the creation in Western Europe of a great new power "comprising roughly the territories of the Empire of Charlemagne". However, this development is one which is fraught with some danger. If the threat of Russian aggression should be removed, there immediately would arise a clash between France and Germany for the hegemony of that power group to which Hume refers. This could only be avoided if the United Kingdom could take part in this closer integration as, in the eyes of the French, a make-weight to Germany. Since I have been in London, I have seen that this is impossible, because the United Kingdom has no more desire of becoming embroiled in close integration with the countries on the Continent than Canadians are likely to have in becoming embroiled in a closer integration of the North Atlantic countries.

I detect in the approach of some Americans to closer Atlantic integration a trace of American imperialism. Let us have, they seem to say, a more closely-knit Atlantic community because the United States will be dominant in that community and can call what tune it likes. A more closely-knit Western Europe, however, savours to them too much of a third force.

I shall look forward to receiving in due course your comments on Hume's memorandum. In the meantime, I thank you very much for letting me have an advance copy of this most interesting document.

Yours sincerely,

DANA [WILGRESS]

487. DEA/50105-40

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 2664 London, October 31, 1951

CONFIDENTIAL

COMMITTEE ON NORTH ATLANTIC COMMUNITY

Following for Heeney from Plumptre, Begins: Arrangements are now being made for committee to meet in Paris on November 3 and 5. I doubt that further ministerial meetings will be needed until just before Rome, when a draft interim report would be considered.

2. The Working Group has been very busy indeed and will present a report of considerable bulk and some substance at Paris. I believe it will lay adequate basis for some immediate action and for the preparation of the interim committee report at Rome. Copies will be mailed to you without delay.

3. As previously agreed, we have not been sending you reports of the detailed work of the group. I see (your 1916 of October 27)† that Achilles must have been sending lists of topics under consideration to Washington which must have been rather hair-raising because so many of the items were hare-brained. The work of the group has closely followed the lines, both in form and substance, agreed upon with the Minister before I started.

4. I have suggested to the Minister that the Working Group as such might be wound up at the Paris meeting with further work being handled by the Deputies (five or twelve as required). At present, apart from a host of ideas and some drafting from Achilles, the Canadians (Rae, Ritchie and myself) are supplying all the initiative and most of the drafting and a good many of the ideas; it is a bit risky to be too far out in front. Further, if the Working Group were disbanded it would relieve the difficulties created by the membership of the Belgian senator (who has not turned up yet). If the group were disbanded I would imagine the work would go forward on a fairly routine basis, instead of the present high pressure.

5. If the group disbands it might be useful for me to stay over here a few days after the Paris meeting but there would be no special point in my remaining here and going to Rome. Of course I shall stay as long as the Minister wishes, but meanwhile I would appreciate your advice. Ends.

488. DEA/50105-40

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 2673 London, November 2, 1951

CONFIDENTIAL

Reference: My telegram No. 2664 of October 31st.

COMMITTEE ON NORTH ATLANTIC COMMUNITY

Copies of Working Group's preliminary report to Ministers (Document AC/10-D/1 of October 30th)† have gone forward to you by air bag. The following comments may be of some value as background.

2. *Section A—co-ordination and consultation on foreign policy.* The main item of importance in this part of the report is the reference to the possibility of associating parliamentary representatives in the NATO countries in some way with appropriate phases of the work of NATO. While none of the suggestions in the report are attributed to individual country representatives, you should know that this suggestion was put forward by the Norwegian deputy. You will note that the report makes no recommendations on this subject, and that further discussion of this point has been left to Ministers.

3. In *Section B*, dealing with *economic, financial and social co-operation*, perhaps the major item is the reference on page 19 of the report to the suggestion by "one member of the Working Group" (the Italian representative) that the question of migration should be more fully explored. The proposal outlined is taken verbatim from a paper submitted by the Italian representative which, in addition to the points specified under paragraphs A and B, and the additional proposal for the establishment of a NATO labour exchange, contained the following preamble which may be of interest -

QUOTE

1. The problem of the excess of manpower confronting some NATO countries, and Italy in particular, is one of the most important and urgent to be met in order to promote conditions of economic stability and well-being, both during and after the present period of the defence effort. The solution of such a problem would eliminate the main source of economic instability and social unrest and improve at the same time both the production of essential goods and the execution of those works of common utility which some NATO countries have difficulties in carrying out owing to their shortage of manpower.

This situation has been recognized also by NATO in Document FEB D(51)51† dated September 3rd, 1951 (paragraph 147 (c)).

2. This problem has already been explored again and again by international organizations. The OEEC and the Council of Europe have recently given their attention to it but without practical results.

In December 1950 the Council of the OEEC entrusted its Manpower Committee with the task of laying down plans for a better utilization of the European manpower.

3. Last year the Assembly of the Council of Europe, after having considered this problem, recommended to the Council of Ministers to have prepared a multilateral agreement on social security and to consider several proposals directed to facilitate the movement of persons and therefore a better utilization of manpower.

4. So far, practical results in this field have been only achieved by the IRO which has settled more than a million displaced persons. UNQUOTE.

4. It may be taken that this question will be raised by Mr. Pellnudriella at the Ministerial meeting.

5. With regard to *Section B (2)—co-operation in the social field*—you will note that the Working Group was only able to list the principal areas explored in this field by the Brussels Treaty Organization, and to suggest that the Ministerial Committee may wish to consider giving instructions for further study, which would clearly have to be carried out by specialists in this field if it is decided that further exploration is desirable.

6. *Section C—(culture and public information, and part 4 - principles)* are based largely on initial drafts by Achilles. Your attention is drawn particularly to annex C of the report, headed "possible immediate objects in the field of culture and public information". This annex was prepared by request at the last moment by the NATO Information Service, and it should be made clear that the Working Group did not have an opportunity of considering it. This will be made clear to Ministers. Since, however, the suggestions made relate to one of the fields which the Committee of Ministers was asked to explore, it was decided to attach these suggestions as an annex to the report.

489. DEA/50105-40

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 3 Paris, November 6, 1951

CONFIDENTIAL

Repeat London No. 207.

COMMITTEE ON THE NORTH ATLANTIC COMMUNITY

Following from Plumptre, Begins: The ministers met morning and afternoon of November 3rd and completed their review of the Working Group report. They disposed of it as follows:

Section A on political coordination and consultation was generally approved. Some minor modifications will be made in the committee's report to Rome. The ministers spent some time discussing possibilities of associating parliamentary representatives but agreed that in view of wide differences in the constitutions of NAT countries and in the strength of Communist parties it would be difficult to find ground for common action. The matter has been referred back to officials for further consideration.

Section B (I) economic and financial matters. The first three sections (on community, implementation of re-armament, on worldwide responsibilities of NAT countries, and on collaboration with other agencies) received general approval and are to be referred to FEB for comments.

Section 4 on trade and commercial policy was criticized as lying largely outside the scope of possible NATO action but is also being referred to FEB.

Sections 5, 6 and 7, relating to industrial production, employment, prices and raw materials, have been referred back to officials for "later consideration" (i.e. no further consideration until after Rome). The same disposition was made of Sections 9 and 10 on finance and long term investment.

Section 8 on migration was discussed at some length and Spofford was in a position to give some encouragement. The matter has been referred back to officials to be followed up immediately with particular reference to a forthcoming visit to Europe of members of the relevant committee of the United States House of Representatives. The matter will of course have to be carried forward on a basis broader than the Committee of Five.

Section B (II) social cooperation. The ministers approved the recommendation of the Working Group that further study be given to the work of the Brussels Treaty Organization and Nordic group "with a view to deciding which parts of the work which may be taken up and applied amongst any or all of the other NAT countries".

Section C7C collaboration in culture and public information. The committee gave general approval to the rather vague principles embodied in paragraph 20(A) of the Working Group report. It referred back for further consideration by officials the preliminary proposals for "concrete measures in the cultural fields" paragraph 20(C) including contacts between private groups, exchange of students, professors, journalists, et al. It also referred back the proposals of NATIS (paragraph 20(B)) for a broad three year information programme and for some immediate projects, with the request that these should be taken up and carefully screened in the full Council Deputies before submission to governments.

Part IV principles.

These were given general approval but were referred back to officials to be strengthened and tightened.

2. The committee in general accepted the Working Group report, and agreed that it should be circulated to all members of the Council Deputies after it had been edited so as to eliminate the mistakes and inconsistencies that had arisen due to the speed of its preparation. The ministers also agreed that minutes of their own meetings should be circulated to all deputies.

3. The committee also agreed that their Working Group should be discontinued and that the work at the official level should be carried on by the five Council Deputies and their assistants. The Deputies were asked to prepare a draft report to the Council in Rome and the ministers plan to meet in Rome about three days before the council meeting there to consider this draft.

4. Mr. Pearson held a press conference under the auspices of the NATO Information Service on November 5th, and the press communiqué contained in my immediately following message.† Ends.

490. DEA/50105-40

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 2782 London, November 16, 1951

CONFIDENTIAL

THE COMMITTEE ON THE NORTH ATLANTIC COMMUNITY

A draft of an interim report to the Council for consideration by Ministers has now been agreed by the five Deputies and will be circulated shortly. I expect that the Ministers will meet in Rome on Friday morning, November 23.

2. The report consists of the main points put forward in the report of the Working Group together with the directions given by Ministers on November 3 for the disposition of various sections of that report. The only recommendations are that the report should be accepted by Council and that the life of the Committee should be extended with the same terms of reference and a further report made at the next meeting of Council.

3. There are only two points in the draft interim report that need to be called to your attention:

(a) Some new material has been introduced in the section on "migration" now described as "movements of labour". Spofford has recently been able to talk in London to members of the United States House of Representatives Committee concerned with immigration. He found them in general sympathetic and encouraging but sensitive on certain points.

Thus the material in the draft interim report stresses movements of labour for defence purposes and makes no reference to migration; it mentions some of the obstacles and difficulties; and it enumerates three types of labour movement: Tem-

porary (i.e. day-to-day), longer term (a couple of years), and permanent. Spofford apparently hopes that if there is a movement of workers to the United States on a "longer term" basis, ways will be found to allow them to stay permanently and Achilles adds that he thinks this may be done outside immigration quotas.

While some of the new points in this section of the report are of no great interest to us, I believe that it is easier for us to accept than earlier drafts. Incidentally there is no mention of Italian proposals for new machinery. Achilles tells us that United States Administration hope that the forthcoming migration conference in Brussels will produce whatever international machinery may be needed to replace IRO etc., but that policy initiative should be taken in NATO.

(b) The "principles" have been relegated to an annex and, even there, their position is insecure. Achilles is very anxious to get the principles sponsored by the Council with a minimum of change. He says that they embody points to which Mr. Acheson has agreed from time to time and he would like to get Mr. Acheson and other members of the Council to approve them formally.

The Deputies of other members of the Committee are lukewarm or cold. The Netherlands Deputy in particular says that Mr. Stikker is so disappointed with the lack of success of his OEEC declaration for greater production that he is now very wary of high sounding pronouncements.

491.

DEA/50105-40

Le chef de la délégation auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to North Atlantic Council, to Secretary of State for External Affairs

TELEGRAM EXR-15 Rome, November 28, 1951

SECRET

The interim report of the North Atlantic Community Committee has now been approved for circulation to the Council and is to be discussed on Wednesday. It briefly summarizes most of the main points raised in the original Working Group report, and calls attention to the following possibilities for further activity by North Atlantic countries:

(a) continuing need for early consultation on political matters;

(b) Deputies to undertake general study of NATO and its relations with other organizations (Stikker urged this with OEEC especially in mind);

(c) defence programmes as a basis for building up spirit of North Atlantic cooperation;

(d) movements of labour;

(e) extension of social and cultural work already undertaken in Brussels Treaty and Nordic groups;

(f) fostering contacts between official bodies, private groups, and individuals concerned with kindred problems; exchange of students and others; measures to facilitate travel.

The only definite recommendations are that the Council should adopt the interim report and continue the committee.

10e PARTIE/PART 10

COMITÉ DU CONSEIL TEMPORAIRE
TEMPORARY COUNCIL COMMITTEE

492. 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 18, 1951

. . .

III. COSTING OF DEFENCE REQUIREMENTS FOR SUBMISSIONS TO EXECUTIVE BUREAU, TEMPORARY COUNCIL COMMITTEE

6. *The Minister of National Defence* said that the NATO Temporary Council Committee (TCC) had set up an Executive Bureau and a Screening and Costing Staff to examine the cost of the Medium Term Defence Plan, determine what economies could be made and assess what more member nations could do in the military field without undue strain.[63] The Executive Bureau had submitted questionnaires regarding national contributions under the Plan to be answered at an early date. The answers would be prepared by the Departments of National Defence and Finance. The costing questionnaire sought information under the headings of military personnel, operation and maintenance, construction and procurement and production, for future years.

Following the meeting of October 2nd, 1951, the Chairman, Chiefs of Staff Committee, had given the Standing Group Canada's views on its proposals for Canadian contributions towards closing the gap.[64] As a result of this and other representations, Standing Group paper SG 20/37,† a revision of the Medium Term Plan incorporating General Eisenhower's views, has been amended. This paper had been forwarded to the Executive Bureau as a basis for the costing exercise. It was in four parts: (1) revised requirements as amended to suit General Eisenhower's requirements; (2) agreed national contributions; (3) proposed expanded national contributions; and (4) a time-phased build-up.

[63] Pour les événements précédents, voir le document 476.
For earlier developments, see Document 476.
[64] Voir le document 391./See Document 391.

The agreed Canadian contributions were correctly shown as:

Navy

1 aircraft carrier	2 cruisers
42 escort vessels	25 coastal escorts
14 minesweepers	40 maritime aircraft

Army

1/3 division by D-Day

Air Force

203 aircraft

The earlier recommendations in the paper for further Canadian naval contributions had been replaced by a recommendation that Canada contribute 10 escorts towards closing the residual naval gap. The Standing Group had been informed that Canada could not complete any additional escorts by mid-1954.

The paper now showed the agreed R.C.A.F. contribution of 203 aircraft, with a notation that Canada had indicated that, with the utmost endeavour and at the expense of front-line reserves, it could furnish 300 aircraft.

The earlier recommendation in the paper that Canada provide in Europe (in addition to its agreed contribution of 1/3 division by D-Day) 1 2/3 Army divisions by D plus 30, had been replaced by a recommendation that Canada provide an additional 2/3 division by D plus 30 and a further division "subsequent to D plus 30", with the comment that while, if hostilities started without warning, the time required for transportation to Europe made it extremely difficult for North America substantially to increase its contributions by D plus 30, if there were warning or the movement of forces from North America were started before D-Day, Canada (and the United States) would be able to meet the earlier phasing proposed.

The Canadian Chiefs of Staff had advised the Standing Group that the additional 2/3 division should not be shown in SG 20/37 in the manner indicated since General Eisenhower could not count on its availability by D plus 30. They had recommended that it be shown as available subsequent to D plus 30 with a note that, if there were warning or the movement of forces from North America started before D-Day, Canada would be able to meet the earlier phasing. The second division could not be provided until D plus 180 at the earliest.

The appropriate approach to costing the Canadian share of the Medium Term Plan appeared to be to assume that the whole defence budget, less war expenditures on account of the 25th Brigade while engaged on United Nations activities, was primarily for NATO purposes. Since the figures to be given to the Executive Bureau should be as close as possible to those eventually to be announced in Parliament as the defence budget, it was felt that they should have prior governmental approval.

A committee of senior officials — Mr. Drury, General Foulkes and Mr. Bryce — had therefore been set up to make a preliminary screening of estimates so as to ascertain as quickly as possible a reasonable figure for the fulfilment of the 1952-53 portion of Canada's contribution to the Medium Term Plan, and an approximation of the requirement for the two following years. This committee, which would

continue to examine the Services' requirements, had produced a preliminary costed plan, "Mark III", in a form suitable for the Executive Bureau.

An explanatory memorandum had been circulated.

(Minister's memorandum, November 7, 1951, "Costing of defence requirements — Medium Term Defence Plan — for submission to Temporary Council Committee" and attached "Mark III" — Cabinet Document D-311).

Mark III was similar to Mark V (Cabinet Document D-273†), the 4-year defence programme which the Cabinet had considered on January 24th, 1951 and to which it had given general approval on February 22nd, 1951.[65] It consisted of a summary of the Canadian defence programme up to March 31st, 1955; forecasts of the defence manpower build-up and of the average monthly intake of the active forces during the period; estimates of the total annual costs of the various components of the programme, including mutual aid; a summary of estimated costs under the programme of military personnel, construction, major procurement and production and operation and maintenance; and a breakdown of the estimated major procurement and production costs.

The main differences between Mark V and Mark III were that the latter provided for:

(a) under the heading of the Integrated Force (taking into account the decision to have a full brigade group instead of a battalion in Korea), 1/3 division in Europe, together with the build-up in Canada of 2/3 division and a minimum of reinforcements, indicating that, of this 2/3 division, a brigade group and reinforcement organization were temporarily employed in Korea, and that the element in Canada would provide for the training of reinforcements and rotation for forces in Europe and Korea;

(b) (in accordance with the change of plans made after the preparation of Mark V), all of the 11 R.C.A.F. squadrons (203 aircraft) in Europe to be equipped with F-86's, instead of partly equipped with CF-100's. The CF-100's were to be kept for the air defence squadrons in Canada;

(c) an additional operational training unit for long-range transport personnel;

(d) some re-shuffling of types and numbers of aircraft required, but no overall increase in requirements;

(e) some expansion of the Defence Research Board programme;

(f) increased financial requirements for administration, largely because of the expansion of inspection services with the increased workload, and the inclusion of $40 million to be spent on a new Defence Headquarters up to March 31st, 1955 — the latter proposal requiring consideration as to policy in due course;

(g) inclusion in the defence programme of the approved mutual aid programme and of infrastructure costs and contributions to SHAPE and subordinate commands;

(h) modifications in the forecast of the manpower build-up of the active forces to March 31st, 1955, the Navy figure for that date being down from 21,000 to 20,450

[65] Voir les documents 355 et 365./See Documents 355 and 365.

because it was not now considered possible to obtain some 500 of the officers required; the Army figure being up from 49,000 to 57,000 owing to the decision to despatch a full brigade group to Korea; and the Air Force figure, including women, being up from 43,240 to 44,200 as a result of the decision to man some of the additional radar stations being built jointly with the United States.

The forecast of the average monthly intake of the active forces in 1952-53 was below that for 1951-52, which was higher because of the recent special campaign to raise the 27th Infantry Brigade. The main unknown was how many of the 4,000-odd men who had enlisted in the Army for 18 months and would be due for discharge in February and March, 1952, would re-enlist. The results of the recruiting drives for the Special Force and the 27th Brigade had shown that extra men could be obtained for the Army by special campaigns.

7. *The Deputy Minister of National Defence* said that the estimates of the costs of the defence programme for 1951-52 to 1954-55 and the summary of costs by major categories represented the type of information required by the Executive Bureau of the TCC. These figures had first been screened by the Services with the Department of Defence Production from the point of view of the possibilities of deliveries. A subsequent examination by the above-mentioned committee of senior officials, in consultation with the Services, had resulted in the elimination of items that were not militarily essential.

Since there had been little time to prepare the data required by the Executive Bureau, the figures of $2,287 million for budgetary expenditures and $2,455 million for cash disbursements on the defence programme in 1952-53 represented only a first approximation of the cost of the programme in that year. His department would have figures that could be better justified when it submitted draft defence estimates in January.

Meanwhile, the present figures did give a good indication of financial requirements in 1952-53, although those for the two later years were inevitably less firm. It was hoped that, on the understanding that it would be made clear that the figures for 1953-54 were in no sense final, it could be agreed that the expenditures forecast for the next three years be used as the presently estimated costs of the programme in completing the returns to be made to the Executive Bureau and in the discussions of the Canadian programme that the Minister of Finance would be having with the Bureau on November 16th. While there were still certain unknowns, such as the cost of some of the types of Army equipment to be ordered, the officials concerned in the Department of Finance had agreed that the estimates of expenditures for the next three years represented the approximate amounts that the present defence programme would cost and that, if less than $2,287 million were provided for 1952-53, expenditures would have to be deferred to the two following years, resulting in increased financial requirements then. A number of involuntary deferments during the current fiscal year explained in part the higher estimates than originally forecast for expenditures in 1952-53.

8. *The Minister of Defence Production* wondered if the proposed expansion of the Defence Research Board development programme was wise. It appeared desirable for Canada to do less development and more production in the case of the CF-100,

the Orenda engine and other projects. Data on new types of equipments that it was desired to produce in Canada and training in preparation for the production of such items could be obtained in the United Kingdom which was devoting a very large effort to development.

9. *The Chairman, Defence Research Board* said that progress with production of the CF-100 and the Orenda appeared to be a problem for Avro management. The company had been good in the development field but poor in organizing production. Last year the development shop at Avro had been turned over to production. Most of the airframe and engine development contemplated in the D.R.B. programme was not related to the CF-100 and the Orenda but looked to types to be produced a few years hence. Development of the CF-100 and the Orenda did not entail a duplication of work in other countries since a special type of interceptor had been required for Canadian purposes.

Development work on the CF-100 and the Orenda was nearing completion and they would go into production fairly soon. The airframe and engine, however, had possibilities of development as a supersonic fighter and the proposal was to provide for a start on this project in 1952-53. Most of the proposed increase in the D.R.B. development programme was attributable to this project.

It was not possible to do satisfactory and rapid development work on an intermittent basis since the development teams became dispersed. Much of the development programme had been undertaken as a result of allocations of responsibilities between Canada, the United States and the United Kingdom.

10. *Mr. Claxton* said that the Inter-Service Committee on Development was preparing a report on the D.R.B. development programme which could be considered in due course.

11. *The Deputy Minister of Finance* doubted that quite as much as the $1,465 million forecast in Mark III would be spent on defence in 1951-52.

12. *Mr. Drury* said that this would depend largely on rates of deliveries during the remainder of the fiscal year. Some 70% of defence expenditures for the year would be on construction and equipment which were handled by other departments. Underspending during the year by his department on the other portions of the programme would total about $100 million. Despatch of a brigade group to Korea would result in higher expenditures on personnel than originally expected.

Maintenance of both the brigade group in Korea and that proceeding to Europe would be handled by payment of a capitation fee which had still to be agreed upon with the U.S. and U.K. authorities. The U.S. authorities had only recently put forward a figure applicable to the 25th Brigade but this had appeared high and the matter was being investigated further. Some interim payments had been made to the United States on account of the 2nd Battalion, Princess Patricia's Canadian Light Infantry, and every effort would be made to arrange for payment, before next March, of amounts owed to the United States and the United Kingdom for maintenance of the two brigade groups during 1951-52.

As regards the maintenance of R.C.A.F. squadrons in or proceeding to the United Kingdom, the U.K. authorities had agreed to provide free of charge all available stores for these units, and Vampire aircraft for the squadron presently in

the United Kingdom, as an offset against Canadian expenditures in training R.A.F. aircrew. The only outstanding question appeared to be which country would pay for additional construction in the United Kingdom required by the R.C.A.F. which, so far, needed only a depot. The former U.K. Secretary of State for Air had indicated agreement to these arrangements which, however, had not been embodied in a formal agreement as the United Kingdom did not wish to have to extend similar facilities to the United States. Squadrons proceeding to the United Kingdom in future would take with them their own F-86's.

13. *The Minister of Finance* said that Mark III indicated the Navy programme to which Canada was committed and would have to carry out whatever the final estimate of cost. The same was substantially true with respect to the Air Force programme, although there were some possibilities of modification as regards procurement of aircraft and mobilization stocks. It was less clear whether the whole of the Army programme in Mark III was a commitment as the government had not yet discussed in any detail the cost of the ultimate completion of a corps of 4 divisions and 2 armoured brigades in wartime, or of the procurement of mobilization stocks for a force of this size (Mark III, page 2). These questions would have to be studied, and discussed at a later meeting so as to establish firm figures for the costs of the Army programme in future years. He had always felt that the Army programme would have to be considered in connection with the large air force contemplated.

14. *Mr. Claxton* thought that the Army programme outlined was as already agreed but recognized that the question of the extent of Army mobilization stocks had not yet been fully discussed.

15. *The Chief of the General Staff* said that the mobilization stores of ammunition contemplated in the Army programme were limited to first- and second-line ammunition (e.g. about 250 rounds per gun) for two divisions allocated to NATO, and training scales of ammunition for the remainder of the infantry and armoured forces planned. SHAPE had recently indicated that any forces allocated to the Integrated Force up to D plus 90 must have reserves of ammunition for 90 days. Further, it had been considered desirable to order ammunition in sufficient quantities to ensure economic production runs.

16. *Mr. Abbott* said that the presently estimated National Defence cash disbursements in 1952-53, totalling $2,455 million, added to expected expenditures of roughly $200 million on defence production, atomic energy, civil defence and other projects in the general field of defence, represented about 13% of the anticipated gross national product in that year and more, he felt, than the country would be prepared to pay or the economy could stand. He would, however, not object to the Executive Bureau being informed that the present estimates of expenditures in the next three years were initial approximations of costs that had still to undergo further screening.

17. *Mr. Claxton* thought that the programme for the next three years that had been submitted was physically attainable from the point of view of production, construction and manpower.

18. *Mr. Abbott* felt that if the whole programme were retained, the expense would be found high and, with deferments of expenditures, financial requirements for the last two years would be increased. It was quite possible that the programme outlined, together with the capital investment programme, would impose serious pressures on the economy, leading to further rises in the price level. It was estimated that there would be a rise of 3 to 4% during the next year, even assuming that the volume of consumption did not increase. It appeared that the maximum that the public could be persuaded to divert from production in 1952-53 was $2.4 billion — or about 10% of the estimated gross national product — including National Defence expenditures and the estimated $200 million to be spent on other projects in the general defence field. The impact of the defence and investment programmes on Canada's balance of payments position was a cause for some concern since there would be deficits of about $700 million this year and $500 million next year, it being contemplated that equipment to the value of $250 million be bought in the United States during 1952.

19. *The Prime Minister* thought that, while the public would support a deterrent Canadian Army force in Europe in peacetime and a maximum Army effort in wartime, it would probably not be prepared in peacetime to support the stockpiling of substantial mobilization stores since this would compete with civilian supply and might give the impression that Canada was making preparations for war rather than to deter aggression.

20. *General Simonds* said that not only forces deployed in peacetime but also the speed with which countries could mobilize in wartime had a deterrent effect on potential aggressors.

21. *The Committee*, after further discussion, noted the report of the Minister of National Defence regarding preliminary estimates of the costs of the Canadian defence programme during the next three fiscal years and agreed that:

(a) the Minister of Finance and the Departments of National Defence and Finance use these estimates of costs in making the necessary submissions to the Executive Bureau of the Temporary Council Committee, pointing out that the figures were tentative and subject to further screening in Canada;

(b) the Minister of Finance, in discussing the Canadian programme with the Executive Bureau on November 16th, indicate that at present the government did not expect cash disbursements in excess of $2.4 billion, including some $200 million for defence production, atomic energy, civil defence and other projects in the general field of defence, to be authorized for defence purposes in 1952-53;

(c) reports be prepared on the proposed Defence Research Board development programme, and on plans for the build-up of the Army and the procurement of relevant mobilization stores, for consideration at a subsequent meeting.

493. DEA/50030-AL-40

Le représentant auprès de l'Organisation européenne de coopération économique au secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Secretary of State for External Affairs

TELEGRAM 91 Paris, November 19, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 229.

REVIEW OF THE CANADIAN PROGRAMME BY THE EXECUTIVE BUREAU OF THE TCC

1. On Friday, Mr. Abbott met with the Executive Bureau consisting of Messrs. Harriman, Monnet and Plowden. The morning was taken up with answers to questions prepared by McNarney's Screening Committee on the military aspects of the Canadian programme. The afternoon was devoted to questions concerning Canada's economic situation and to a discussion of Canadian capabilities for further economic assistance to Europe. Harriman and Monnet were not present in the morning because they were occupied in urgent discussions with the French Government over the French financial crisis. They were present, however, in the afternoon.

2. The discussion of the military programme was centered primarily on McNarney's list of questions which had been received in Ottawa shortly before our departure. Mr. Abbott explained that the physical aspects of the Canadian military programme were clearly defined, that the necessary decisions have been taken and that the preparations were in hand for the fulfilment of the physical commitments which have been undertaken. In the light of this position the answers to the military questions presented no particular difficulty. McNarney, however, added some further observations to his original list of questions. In his report to the Executive Bureau he stated "the overriding factor in considering the Canadian defence contribution is the issue of national service. Apart from financial considerations, we believe that if Canada had national service, she could increase the size, or improve the readiness of her forces". When Mr. Abbott made a brief reference to some of the considerations respecting this question in Canada, the matter was not pursued further. McNarney also suggested that Canada should be in a position in 1953, if the Korean war had ended, to provide one full division for active service in Europe, instead of the one-third division now committed. It was explained that this would entail, in the opinion of the Canadian authorities, an undesirable and unwise use of Canadian manpower from the point of view of the best use of the total resources of the North Atlantic community. Also such a contribution by Canada would be quite out of proportion to the United States commitment for the stationing of forces in Europe.

3. The formal question concerning the Canadian economic situation were largely mechanical and routine. There was some discussion of whether or not Canada was devoting too many resources to new capital investment and whether it was not possible to further reduce non-essential investment. It was explained that the Canadian investment programme was heavily directed to the development of strategic resources and defence supporting industries and that a series of fiscal and other measures had been taken to restrain non-essential investment including housing. The sharp reduction in the construction of new housing presented serious political and economic difficulties. The members of the Executive Bureau were particularly impressed with the novel device involved in the four year postponement of depreciation charges. They asked for a memorandum explaining this measure for the information of other members of the committee.

4. The formal economic questions were followed by a smaller informal meeting where Monnet, supported to some extent by Harriman, expressed the opinion that the present Canadian defence effort did not constitute a burden as heavy as those being undertaken by most of the other NATO countries and invited Mr. Abbott to consider seriously the possibilities of increasing Canada's defence effort by enlarging its mutual aid programme. Mr. Harriman suggested in particular that Canada might give additional mutual aid to European countries in the form of wheat, aluminum and copper. He referred to the current financial crises in France and the United Kingdom and said that these countries would have difficulty in financing their imports of vital raw materials and foodstuffs and felt that Canada could help in this respect. Harriman said that the United States was faced with the necessity of again increasing the scale of economic assistance to Europe and he felt that the resumption of Canadian economic aid, in addition to aid in the military field, would be of great help with Congress and United States public opinion. It was suggested that the order of magnitude of additional Canadian mutual aid assistance might be $200 million for 1952, corresponding to an increase in the defence effort, expressed as a percentage of the gross national product, from 10 percent to approximately 12 percent. With regard to the possibility of a further increase in the Canadian defence effort, Mr. Abbott said he did not think that the Canadian Government or Parliament could be persuaded, in the present circumstances, to commit more than the maximum of $2.4 billion projected for 1952-53, and that he would not recommend an increase. He said the Canadian Government would review the proposed expenditures with a view to achieving all possible economies in carrying out the physical programme which has been undertaken and would be prepared to consider possible rearrangements which might be proposed in order to make the best overall contribution within the maximum figure of $2.4 billion. The Canadian representatives stated that the heavy outlay on expansion of production of vital raw materials in Canada was in many respects as important as the direct defence effort and imposed an additional substantial impact on the economy which was not included in the direct defence expenditures. Consequently they could not attach a great deal of weight to simple comparisons of percentages of G.N.P. Mr. Abbott emphasized that an additional Canadian effort by way of additional mutual aid amounting to approximately $200 million more that the $227 million already projected, would on account of the substantial overall Canadian current balance of

payments deficit, and the much larger deficit with the United States, in effect mean that Canada would have to borrow an additional $200 million in the United States. Because of this circumstance Canada is clearly not in a position to export raw materials without the receipt of foreign exchange which she needs to meet her own bills. Mr. Abbott said that the Canadian public still had a clear recollection of the over-commitments in assistance to European countries which Canada took upon itself during 1946 and 1947 and the results therefrom in objectionable restrictions and taxation. He said it was the policy of the Canadian Government, to avoid as far as possible, through appropriate internal as well as external policies, the recurrence of such a situation. Mr. Harriman suggested that the Canadian balance of payments position might be alleviated if United States defence purchasing in Canada could be speeded up. The Canadian representatives said that they would be glad to explore the possibility of larger United States defence purchases but emphasized that because of the inevitable time lags involved in the placing of orders, the necessary technical arrangements and the development of production lines, early results could not be expected.

494.

DEA/50030-AL-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

Rome, November 23, 1951

Attached is a very good memorandum which Plumptre prepared for me on the T.C.C. operations in Paris.[66] Attached also is a copy of the telegraphic report sent back to Ottawa. It seems to me that these proceedings are likely to have very important repercussions in terms of Canadian policy over the next few months.[67]

When I was in London, Norman Brook asked to see me about Mr. Churchill's visit to Ottawa in January. It now seems likely that Mr. Churchill will arrive in Ottawa some time after January 10th and that he will remain for about three days. Although Brook said that Mr. Churchill had, so far as he knew, nothing particular in mind to raise with the Government, I feel almost certain that in one way or another the subject of economic aid from Canada is bound to come up. Clearly this will be the principal problem under discussion when Mr. Churchill meets Mr. Truman. So far as I can find out the report that the Americans have in mind a transfer for the benefit of the United Kingdom of some portion of the $600 million available for economic aid is accurate. It seems to me that we are likely to be faced in

[66] La note manuscrite suivante était jointe à cette note :/The following hand-written note was attached to this memorandum:
Mr. Ritchie I suggest that a copy of the covering note go on Mr. MacKay's file on the Churchill visit & that a copy also go to N.A.R[obertson] to whom I have asked Plumptre to send a copy of his memorandum of Nov. 22/51 E.R[eid]

[67] Note marginale :/Marginal note:
I agree [L.B. Pearson]

Ottawa with a demand that in some measure we do likewise. The grounds for such a plea will be familiar — the influence of Canadian action (or inaction) on the U.S. Congress, etc. In fact the Americans and the British are likely to be as one in this, as hitherto.

You will notice that in the T.C.C. an amount of "$200 million for 1952" was suggested as an appropriate figure for additional Canadian mutual aid to European countries. The arguments against such an addition were advanced very strongly by Mr. Abbott, but I think we should be prepared for a renewal of the proposal, or a similar one, when Mr. Churchill arrives in Ottawa fresh from Washington.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures[68]

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs[68]

TOP SECRET Rome, November 22, 1951

REVIEW OF CANADIAN PROGRAMME BY EXECUTIVE BUREAU OF T.C.C.

1. I have had preliminary discussions with Ritchie and Rae in London and with Parkinson, Couillard and Deutsch in Paris regarding the Review by T.C.C. which was reported to Ottawa by telegram dated November 19. Discussions centred on (a) the suggestion "that the order of magnitude of additional Canadian mutual aid assistance might be $200 million for 1952"; (b) Mr. Harriman's suggestion that "Canada might give additional mutual aid to European countries in the form of wheat, aluminium and copper"; and (c) the Canadian reply to these suggestions.

2. The essence of the Canadian reply might be summarized as follows. Mr. Abbott "did not think that the Canadian Government or Parliament could be persuaded, in the present circumstances, to commit more than the maximum of $2.4 millions for 1952-53, and that he would not recommend an increase". The Government would review possible economies and rearrangements within this total "to make the best overall contribution". Canada's heavy outlay on expansion of vital raw material production was not reflected in simple international comparisons of proportions of national income devoted to defence. An additional $200 million of mutual aid "in effect would mean that Canada would have to borrow an additional $200 million in the United States",[69] because Canada was already running a heavy deficit in its balance of payments and because it was "the policy of the Canadian Government to avoid, as far as possible, through appropriate internal as well as external policies, the recurrence of ... objectionable restrictions and taxation" such

[68] Note marginale :/Marginal note:
You have no doubt seen this already? [C.S.A. Ritchie]

[69] Note marginale :/Marginal note:
Why? [L.B. Pearson]

as had become necessary when Canada undertook over-commitments to assist European countries in 1946 and 1947.

3. It would probably be impossible to give a reply, from the Canadian point of view, that would seem completely convincing and satisfying to the U.K. and Continental members of NATO. All of them are floundering in a sea of economic troubles, evidenced by inflation, budgetary difficulties, and import restrictions. None of them is likely to be entirely sympathetic to a statement that Canada, in seeking to assist NATO, is trying to keep clear of the same troubles. On the other hand, just because most of the NATO countries are already in serious difficulties, economic and political, it does not necessarily follow that NATO would be strengthened if Canada got itself into similar difficulties. Indeed one could argue the opposite: unless and until these other NATO countries get their own houses in better shape, any aid Canada can give them will be of negligible assistance and Canada will do well to keep its own house in good order in the meanwhile. Unfortunately, it is difficult if not impossible to make this argument without giving offence to our less fortunate or less competent fellow members of the Pact, and the effect of our policy, in so far as it has an influence on the alliance, is likely to be to divisive rather than cohesive. This would seem to be a serious matter which should be kept in mind.

4. We must also keep in mind the impact of our actions on the United States. If and when Canada announces a military programme of the order of $2.4 billions for the coming fiscal year — a substantial increase over the present — this will no doubt be helpful to the U.S. Administration. It would also be helpful if an appreciable increase in mutual aid could be announced. There does not seem to be any special virtue in the figure of $200 millions on top of the $227 millions which is apparently already included for mutual aid within the $2.4 billions. (I can make no sense of the suggestion put forward in T.C.C. that an additional $200 millions would raise from 10% to 12% the proportion of our gross national product devoted to military purposes; $200 millions is far less than 2% of our national product). However, it is probably easy to exaggerate the effect on the U.S. Congress of anything Canada may do; the Administration is prone, for its own purposes, to exaggerate our influence.

5. It might be useful, for purposes of further consideration in Ottawa and in view of the continued pressure which will probably be brought to bear on us, to review more fully than was possible in T.C.C. the possible results of an increase of $200 million in our mutual aid programme:

(a) First, there is the suggestion that the Canadian Government would meet the added deficit on international account by borrowing in the United States. This seems undesirable on all counts. It would merely involve passing on to the United States the burden of our additional effort (at least for the time being until repayment of the borrowing began). This would get us no particular credit either in Congress or overseas. Nor was Canada's last emergency effort to borrow in New York, in 1947, a happy precedent.

(b) Another possibility (which may have been considered already in the Department of Finance or the Bank of Canada but was apparently not mentioned in the

T.C.C.) is some reliance on our new element of economic flexibility: the free Canadian dollar. This may provide an important difference between the present and 1947; then we were committed to defend an existing exchange rate; now, as the overall balance of payments tends to move against us, the value of the Canadian dollar can be allowed to fall to redress the balance. The questions to be considered are: How far is the rate likely to fall and what readjustments will be required in the Canadian economy? Will U.S. private capital take fright, or will a temporarily cheaper rate for our dollar actually tempt more to come in? How will the rise in the price of the U.S. dollar affect the cost of living in Canada? And so forth.

(c) Another possibility is that we might allow our reserves of gold and dollars to run down by an additional $200 millions. Our present reserves — of the order of a billion and a half — are reasonably comfortable; on the other hand their maintenance is precarious. We are at present running a deficit on trade and other current accounts of the order of half a billion a year and this is being roughly counterbalanced by an inflow of capital from the United States. Such an inflow is notoriously unstable and might be sharply reduced if our reserves began to fall rapidly. Obviously we could stand a loss of $200 millions if that were all; but we are already faced by the danger of other and larger losses.

(d) Finally, we might be faced by the need for renewed restrictions and controls designed to stabilize our balance of payments. It should, perhaps, be pointed out that these would not be needed automatically or immediately; they would only be needed if our reserves fell dangerously or if our dollar fell to a damaging extent. However, an extra NATO commitment of $200 millions would unquestionably bring closer the possible need. The NATO commitments, coming last and on top of an already unbalanced situation, would perhaps have to bear the blame for import controls, special taxes, travel restrictions, and other unpleasant measures. Whether it is worth while running the additional risk of these measures in order to gain the advantages for NATO of the additional Canadian commitment, is a question that can only be considered on broad political grounds.

(6) Whether or not an additional mutual aid commitment of some $200 millions is undertaken by the Canadian Government, the actual figure included in the annual Parliamentary Estimates for mutual aid probably should allow for some elbow-room. The figure quoted above for 1952/52 ($227 millions) is apparently the exact total of existing commitments or near-commitments. In the Estimates the figure should be rounded off to give something like $50 millions extra to meet unforseen demands which may be met during the year. As Canadian defence production gets rolling the possibility and the need for such action will increase.

7. Before undertaking a substantially larger additional mutual aid commitment, thought should probably be given to the form it would take. It is one thing to make free transfers of military equipment to allies in peace or war. It is quite another to give away, free of charge in time of peace, the goods on which Canada's livelihood depends, such as the wheat, aluminium and copper to which Mr. Harriman referred. The position of the United States, where domestic primary producers are mainly dependent on the domestic market, is of course very different from that of Canada which depends on export markets.

8. As Mr. Abbott pointed out to T.C.C., not much weight can be attached to simple comparison of the percentages of national production devoted directly to defence by the various NATO countries. Nobody can say whether a figure of 10% or 12% or any other figure of that general size, is too high, too low, or just right for us. The question which will probably assume importance is whether, as a result of the T.C.C. exercise, there is a real increase in the actual rearmament efforts (not merely in the paper programmes) of most of the important NATO countries. Thus the question whether we ought to give further consideration to accepting the additional mutual aid burden suggested by T.C.C. must turn to a considerable extent on whether other countries are likely to increase their defence efforts, either independently or conceivably as a partial result of our own action, along lines which T.C.C. is no doubt suggesting to them.

9. Our Department is obviously not competent to supply even tentative answers to most of the questions raised in this memorandum. It might, however, be helpful, to our Minister and possibly to others, if answers, or at least comments, could be elicited from the Departments and agencies chiefly concerned.

A.F.W. P[LUMPTRE]

495.

DEA/50030-AL-40

Note de la Direction économique

Memorandum by Economic Division

SECRET

[Ottawa], December 1, 1951

EXAMINATION OF CANADIAN SUBMISSION BY THE TEMPORARY COUNCIL COMMITTEE OF NATO

Mr. Donald Bliss, Minister of the United States Embassy, called on Mr. Ritchie on November 29th to discuss the examination of the Canadian submission by the Executive Bureau of the TCC. Mr. Bliss had been in Paris and had apparently worked closely with Mr. Harriman on the Canadian replies. His account of the proceedings corresponded closely with that contained in Telegram No. 91 of November 19th from the Canadian Delegation.

2. Mr. Bliss addressed himself in particular to Harriman's suggestion that Canada might be able to provide additional mutual aid to European countries in 1952, perhaps in the form of wheat, aluminium and copper to a value of $200 million. He said that Harriman had recognized the validity of Mr. Abbott's argument that additional mutual aid on this scale would imply borrowing to roughly the same extent from the United States.[70] Bliss thought, however, that Canadian balance of payments difficulties in making additional mutual aid available to European countries could be overcome if the United States were able to step up its defence purchasing in Canada. He was personally enthused about this possibility and had discussed it with leading officials in Washington, none of whom were opposed to the idea. He

[70] Note marginale :/Marginal note:
? I question this! A.F.W.P[lumptre].

had also talked with Mr. Howe who was confident that Canada could undertake the additional production that might be required. Dr. Clark, on the other hand, had indicated concern about the inflationary effects which a rapid and heavy increase in United States purchasing might involve. Bliss hoped that serious consideration would be given to his proposal and that active steps would be taken to secure additional U.S. defence orders. In this connection, he emphasized that it would be necessary for Canadian officials and businessmen concerned to seek U.S. defence contracts rather more actively than heretofor.

3. *Note:* In the event that Canada finds itself in a position in 1952 where the extension of some additional mutual aid seems necessary, it is for consideration whether the amount of such aid might not be linked with the amount by which U.S. defence purchases in Canada exceed an arbitrary level.[71]

J.H. W[ARREN]

496. DEA/50030-AL-40

Le représentant auprès de l'Organisation européenne de coopération économique au secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Secretary of State for External Affairs

TELEGRAM 96 Paris, December 10, 1951

TOP SECRET. IMMEDIATE.

Repeat London No. 287.

DRAFT EXECUTIVE BUREAU'S REPORT† AND FINAL SCS REPORT†

The final SCS report and the draft of the TCC report prepared by the Executive Bureau have just been received.

2. The SCS report was received in time for inclusion in this morning's airbag and the only two copies obtainable were sent one to you and the other to London. We assume London will be in touch with you. The quick check which we had time to make of the text and tables in the Canadian section revealed that they were the same as were obtained last week by Newsome, two copies of which were given to Deutsch. In addition the section contains three tables; one of them is the projected costing of the Canadian defence procurement programme in accordance with the new SCS recommendations. This costing indicates the possibility of economies mainly in the field of aircraft production. Another table is a costing of the total defence programme for Canada over the three-year period also worked out on the basis of the SCS recommendations.

[71] Note marginale :/Marginal note:
Mr. Warren: See marginal note. I'll speak to you about this later. A.F.W.P[lumptre].
We spoke [J.H. Warren]

3. The E.B. draft of the TCC report which will be discussed by the TCC on the 14th was received too late for inclusion in today's airbag. Couillard is taking copies of it to London tonight for discussions with Wilgress. Copies will be airbagged to you from London. All country sections will only be available on Thursday. Each country received today its own country section only. We are repeating this section to you in our immediately following telegram.

4. You will note that although "the TCC considers that the Canadian defence programme should be maintained about at the level now being programmed ... it is felt that Canada should increase its assistance to other countries ... partly through larger military transfers ... but largely in the form of economic assistance". The amounts "suggested" are $200, $250 and $300 million for 1951-52, 1952-53, 1953-54 respectively. Since we have no other country section but our own, we have no specific information on which "suggestions" the E.B. is making to other countries. A draft E.B. cover note to the country sections however would indicate that no increase in the percentages of defence expenditures to G.N.P. is "suggested" either for the United States or the United Kingdom the figures shown for the main countries are as follows:

Defence expenditures as percent of G.N.P.

Figures "suggested" are in brackets

	1950-51	1951-52	1952-53	1953-54
Belgium	3.8	5.1 (8.0)	6.8 (10.1)	6.6 (10.2)
Denmark	1.6	2.8 (3.7)	3.2 (4.5)	3.5 (5.1)
France	7.3	9.8 (10.7)	10.0 (11.5)	10.5 (12.1)
Italy	4.6	5.7 (6.5)	6.5 (7.5)	6.2 (8.0)
Netherlands	5.7	7.8 (7.8)	8.2 (9.2)	7.9 (9.8)
Norway	3.7	4.7 (5.4)	5.5 (6.8)	6.0 (7.6)
U.K.	7.6	10.9 (10.9)	12.8 (12.8)	13.8 (13.8)
Canada	4.8	8.6 (9.4)	12.0 (13.4)	13.6 (15.1)
U.S.A.	6.9	14.4 (14.4)	17.6 (17.6)	18.4 (18.4)

5. We have been informed that the E.B. will be available for discussions with national representatives up to Thursday. It has not been made clear what might be expected to come out of these discussions beyond correction of factual errors in the country sections. It should be noted however that country sections will not be circulated to other delegations before Thursday.

497. DEA/50030-AL-40

Le représentant auprès de l'Organisation européenne de coopération économique au secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Secretary of State for External Affairs

TELEGRAM 97 Paris, December 10, 1951

TOP SECRET. IMPORTANT.

Reference: My immediately preceding telegram No. 96.
Following is text of draft annex on Canada prepared by Executive Bureau. (Part VII, Section 26 of draft TCC report).

"1. Main factors considered by the TCC

(a) Canada is undertaking a substantial defence programme relative to the size of its national resources. Although its plans do not call for a large number of men under arms, an increase in this aspect of its programme would meet a difficult political problem and would intensify the shortage of labour.

(b) Canada is projecting a large investment programme, a significant part of which is concentrated in areas which will increase the supplies of essential raw materials, and which will contribute toward easing the shortages of these materials in the NATO countries.

(c) Due to the large increase of Canadian purchases in the United States for its armed forces, and to the post-Korean rise in import prices, Canada has a sizeable deficit in its balance of payments with the United States.

(d) The Canadian economy has had a remarkable expansion from its pre-war level and a continued sharp increase in the total output appears to be assured for the next few years.

2. Recommendations

The TCC recommends the following defence and assistance effort as being within the political and economic capabilities of Canada. In arriving at this recommendation, the TCC recognized that certain action will have to be taken by Canada as well as by other countries along the lines indicated below.

	1951/52	1952/53	1953/54	Total 1951/54
Present country plans				
($ million)	1,560	2,338	2,802	6,700
(Can $ million)	(1,660)	(2,487)	(2,981)	(7,128)
TCC recommendations				
($ million)	1,748	2,573	3,084	7,405
(Can $ million)	(1,860)	(2,737)	(3,281)	(7,878)

3. Economic consequences of recommended programme and action required.

(a) The TCC considers that the Canadian defence programme should be maintained about at the level now being programmed. However, in view of the serious difficulties that are being, and will be, encountered by other countries, it is felt that Canada should increase its assistance to other countries by the amounts indicated. This increased assistance might take the form partly of larger military transfers, but it is conceived to be largely in the form of economic assistance. The fact that several European countries are experiencing serious balance of payments difficulties with the dollar area, necessitating sharp curtailments of dollar imports, makes an additional effort by Canada in this form particularly appropriate.

(b) In view of the favourable economic prospects of Canada, it appears that the additional burden recommended can be undertaken without interfering with Canada's essential investment programme and still leave scope for increasing consumption levels.

(c) The balance of payments problem with the United States must be taken care of. It is to be expected that the major part of the dollar deficit with the United States will be covered by direct investment and by long-term financing, which is appropriate for a country undergoing substantial development of its basic resources. The remaining deficit should not present a serious problem, if available means for covering it are adequately utilised. The most significant of these is the potential increase in the procurement by the United States armed forces in Canada. This will not only increase Canada's dollar earnings, but it should also facilitate the economic production in Canada of some defence goods at present imported from the United States."

498.

DEA/50030-AL-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 2935

London, December 11, 1951

TOP SECRET. IMMEDIATE.

Repeat OEEC Paris No. 300.
Reference: Telegram No. 196 from Paris.

EXECUTIVE BUREAU'S RECOMMENDATIONS RE CANADA

I shall have to make some statement at the TCC meeting in Paris on Friday on the "suggestions" made by the Executive Bureau for an additional Canadian effort.

2. As I see it, there are four possible alternatives open to us:

(a) We might accept the recommendations as they stand on the ground that they purport to represent a fairly disinterested judgment of our position in comparison with that of all the others. Mr. Abbott made it quite clear and explained, during the Canadian examination and again at the TCC meeting on December 4, that addi-

tional Canadian aid in the form of economic aid could not be expected. Furthermore, there is the absence of any increase in the United States commitments and of any fairly firm guarantee that other NATO countries will accept the EB recommendations.

(b) We might reject the recommendations as not warranted by our own estimates of our politico-economic capabilities. This could be done by entering a reservation explaining the Canadian position. This course could have serious consequences, not only for the attempts to get the European countries to maintain or increase their defence efforts but also for future cooperation among the North Atlantic countries. The Americans would consider it a serious loss in the psychological effect on Congress which they attach to Canadian participation in economic aid.

(c) We might enter a reservation without explanation when the report is being considered on Friday. Alternatively, the reservation could be made on the ground that the Canadian Government has not yet had time to take a decision. Furthermore, it could be stated that no such decision could be arrived at in the absence of a clearer indication of the basis on which the apparent arbitrary increases for Canada were arrived at. Such a reservation now would merely defer the showdown or might give rise to expectations that eventually we would come round and accept the recommendations, at least in part.

(d) We might prepare a counter offer, and preferably inform the EB of it before the report goes to the TCC on Friday. Such an offer might be made conditional on the favourable action of European countries on at least part of the recommendations made to them. A counter offer might note that the bureau has found the present level of our defence effort to be about adequate and has considered that more might reasonably be asked of us only in the field of economic aid for others. On the assumption that our present end item aid programme bears a fair relation to our supply or output of such items, and that (as is noted in paragraph 29, of DR/13 for the United States) we shall also be making certain military establishment expenditures in Europe, we might offer to contribute economic aid in abut the same proportion to national income as the United States is proposing to do. This would mean providing something like 50 or 60 million dollars (say 1/16th or 1/17th of $1 billion) in 1951/52. We could probably represent this as involving proportionately more sacrifice, or risks, for us than for the United States in view of the fact that we are already running a heavy balance of payments deficit. By this means we could satisfy ourselves that we were doing at least our fair share and were not insisting that our earlier figures must be regarded as sacrosanct and above any critical examination. In this way, we could also prevent the European countries from using our example as an excuse for entirely rejecting the TCC recommendations respecting them. Our relatively cooperative attitude would no doubt also be of some help in enabling the United States administration to continue to secure congressional approval for future aid programmes — which are important to us, not only indirectly for our defence but also for the maintenance of our trade with some of the NATO countries in this new period of dollar stringency.

3. Molson is carrying with him copies of the EB report.

499. DEA/50030-AL-40

Le secrétaire d'État aux Affaires extérieures
au représentant auprès de l'Organisation européenne
de coopération économique

Secretary of State for External Affairs
to Representative to Organization for European Economic Cooperation

TELEGRAM 82 Ottawa, December 13, 1951

SECRET. MOST IMMEDIATE.

Repeat London No. 2233.
Reference Your telegrams Nos. 96 and 97 of December 10, and 2935 from London.

EXECUTIVE BUREAU'S REPORT FOR T.C.C. MEETING FRIDAY

Following for Wilgress, Begins: The Government have been able to give preliminary consideration only to the draft report on the basis of the above telegrams. The report itself only arrived yesterday afternoon with Mr. Pearson.

2. However, because of the necessity of instructing you before tomorrow's meeting, the Ministers principally concerned have conferred and have agreed that your attitude at the meeting should be that set forth in the immediately following paragraphs of this message.

3. In the first place it will, we assume, be quite clear that the action requested of the T.C.C. tomorrow will be merely consent to reference of the report to governments and not (repeat not) in any sense approval of the report on behalf of governments.

4. The Canadian Government have had no opportunity to study the report; they are consequently in a position to give merely their preliminary reactions at this time.

5. The Canadian Government hopes that the T.C.C. report will find general acceptance among North Atlantic countries and provide a new impetus to the common defence effort. Canada desires that its own programme should harmonize as far as possible with the programmes of other members of NATO.

6. The draft report makes some specific suggestions regarding economic assistance by Canada to other countries. In the current fiscal year, which in Canada ends with March 1952, foreign assistance exceeding $200 million is being provided to North Atlantic Allies and it is not possible for any material change to be made. With respect to the following years, certain points should be emphasized:

(a) It would be impossible for Canada, which depends for its livelihood on sales of basic products, to embark on a programme of giving these products away. There are in fact very special difficulties involved in economic assistance of this kind which do not apply in like degree to military transfers.

(b) It is doubtful whether, for the year 1952-53 it would be practicable, even if it were desirable, to devote to the Canadian defence programme a total amount exceeding the $2.4 billion already suggested. However, as we have already stated,

the Government are prepared to consider adjustments within that programme calculated to give greater effect to the Canadian contribution to the joint effort. There will of course also be a measure of flexibility for the year 1953-54.

(c) It will not be possible for the Canadian Government to undertake economic assistance of the kind indicated in the current fiscal year nor in 1952-53 apart from the military assistance we are planning to give. In addition, of course, there will be the substantial Canadian expenditures in Europe on infrastructure and for the maintenance of Canadian forces.

7. For the reasons indicated above the Canadian Government hope that the report can be amended to remove the references to Canadian economic assistance. If this can not be done, you are authorized to agree that the report should be forwarded to governments, provided our position is made clear (along the lines of Mr. Abbott's statement to the T.C.C.) with respect to the sections regarding economic assistance from Canada. In other words, our agreement to the proposal to forward the report to governments should not be understood as constituting agreement to those sections.

8. With respect to the military sections of the report, these appear to be generally acceptable. The suggestion, however, that the S.C.S. report be dealt with separately without reference to the T.C.C. seems to us contrary to the purposes of the Council in setting up the T.C.C. We feel strongly that these S.C.S. conclusions should form an integral part of the T.C.C. exercise. Ends.

500. DEA/50030-AL-40

Le secrétaire d'État aux Affaires extérieures au représentant auprès de l'Organisation européenne de coopération économique

Secretary of State for External Affairs to Representative to Organization for European Economic Cooperation

TELEGRAM 83 Ottawa, December 13, 1951

SECRET. MOST IMMEDIATE.

Repeat London No. 2235.
Reference my telegram No. 82 of December 13th.

EXECUTIVE BUREAU'S REPORT FOR T.C.C. MEETING FRIDAY

Following Personal for Wilgress from the Under-Secretary, Begins: We have been trying to get you on the telephone to supplement the instructions contained in the Minister's earlier telegram of today. In case we are unable to reach you the Minister wishes me to give you additional guidance in two respects.

2. It would appear from Parkinson's telegram No. 99 of December 12th† that the Representatives of other countries will find themselves tomorrow in a position similar to your own with respect to the draft report. In these circumstances the Minister hopes that you will not have to be among the first to raise objections to any portion

of the report. Although the Government feel strongly with respect to the sections on economic assistances they do not (repeat not) wish the spotlight to be turned on Canada, nor to give encouragement to others to take exception to the report's recommendations.

3. From Parkinson's telegram it would also seem possible, if not likely, that some Representatives may propose delay on the ground that their governments have not had adequate opportunity to study the report's proposals. This indeed is the Canadian position and we do not think it reasonable that governments should be rushed to conclusions in such important matters unless it is absolutely necessary. It seems to us that a little more time might achieve greater unanimity.

4. If there is a general disposition to postpone adoption of an agreed report for despatch to governments you could, at tomorrow's meeting, confine yourself to a brief general statement which would include reference to our objection to the sections on economic assistance, in this event you could leave it to a later meeting to record more fully the reasons for our attitude, unless in the meantime the offending sections can be deleted.

5. Finally, we very much hope that it will be possible to have a reasonable postponement so that the report may be dealt with in a much more deliberate and considered fashion than is possible under the present timetable. Ends.

501.

DEA/50030-AL-40

Le représentant auprès de l'Organisation européenne de coopération économique au secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Secretary of State for External Affairs

TELEGRAM 102

Paris, December 16, 1951

SECRET

EXECUTIVE BUREAU REPORT FOR T.C.C.

Following from Wilgress, Begins: The meeting of the TCC on Friday was occupied entirely with questions of procedure and doubt concerning approval of the report. Several members said that they had had no time to read the report so that at 1 o'clock Harriman adjourned until Saturday morning.

2. The deliberations on Saturday morning commenced with an address by General Eisenhower who gave his full approval to the recommendations contained in the report, especially the conclusions reached by the screening and costing staff. After an opportunity had been given for members to address questions to General Eisenhower, Harriman made an appeal for unanimous approval of the report but without commitments as to the recommendations concerning particular countries. He read out a summary of the report which he said were the principles which the committee would be asked to approve.

3. I made an appointment with Harriman before the afternoon session and explained to him our difficulties. He said it would be out of the question to delete the references in the report to economic aid by Canada because this would lead to the deletion of other sections which were causing embarrassment to other countries. In general this was that each of the members of the committee, except Belgium, were willing to have the recommendations concerning their respective countries approved by their governments. He felt that Christianson of Denmark might have some difficulty in persuading his colleagues in the Danish Government. This left only Belgium and Canada as likely to stand out against the recommendations and he hoped that we would not make it easy for the Belgians to water-down the recommendations regarding their country. I made no commitments to Harriman but told him I would play my cards with care.

4. On the resumption after lunch it was agreed, largely because of the insistence of the Europeans, that we should go through the report section by section. We soon ran into difficulty when the Belgians proposed the deletion of the last two lines in table one on page 7 of the D.R/5. I felt I had to support him and also to refer to the references to a Canadian contribution at the end of paragraph 10. I proposed that these references in the report should be held over until we had considered the whole report. This lead to a general discussion as to the procedure we were following. Harriman emphasized the importance of securing approval of the general principles embodied in the report and said that no government would be committed to the recommendations because this would be made clear in the foreword. He intimated that the foreword had been revised since Parkinson sent you his telegram on December 12. It was proposed that the foreword should be discussed after we had gone through the report. I felt it desirable to say nothing at this stage in order that we should not be the first to register disagreement, particularly as the Belgian Minister was also waiting for others to make the running.

5. We made fair progress through the various sections and when we came to DR/7 I spoke about the importance of the conclusions of the screening and costing staff being treated as an integral part of the report, particularly when the Military Committee were drawing up their comments. This created a good impression and was generally approved.

6. The discussion became more active when we reached D.R. 13 through 17, since the first part of the section led to a general debate on the danger of inflationary pressures. This served our purpose as divergencies of views on the part of the European countries were revealed.

7. The discussion will be resumed tomorrow and when we come to paragraph 29 on page 14 of D.R./13 through 17, I will have to make a statement to point out the absence of any reference to Canadian expenditures in Europe for procurement and for the maintenance of Canadian forces. I will then have to go on to develop our general objections to the recommendation concerning Canadian economic aid.

8. There will be a further opportunity of reiterating these objections when we reach the section dealing with the recommendations on Canada, but I take it that the instruction in your telegram No. 82 of December 14 does not require me to make a reservation but simply to see that we are fully protected in the foreword which will

come up for discussion after all the sections of the report have been reviewed and approved for reference to governments. I shall endeavour to see that the foreword not only provides that no government is committed to the country recommendations contained in the report but also that approval of the general principles does not imply approval of the manner in which these principles have been interpreted in the report with respect to any individual country.

9. I should have mentioned earlier in this telegram that the general intention is to hold a meeting of the TCC prior to Lisbon for the purpose of receiving comments by governments on the recommendations contained in the report. The earlier suggestion was that this meeting should be held in Lisbon two days prior to the meeting of the Council but Sir Edwin Plowden tells me that he will insist on the meeting being held in Paris, probably towards the end of January because Harriman cannot get over earlier. I told him that it would suit the convenience of Mr. Abbott if the meeting followed the Commonwealth meeting which is due to end on January 22.

10. The general position therefore is likely to be that the committee will be asked to approve the report for transmission to governments but without commitment by any government as to the specific recommendations concerning the country in question. Governments however will have to submit their comments on these recommendations prior to the next meeting and a supplementary report will be drawn up for consideration by the Council along with the report we are now approving.

11. We hope to finish on Sunday but the meeting may go over until Monday. I realize there is no time to secure further instructions from you but I will send you further reports as the discussion develops. Ends.

502.

DEA/50030-AL-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 2984

London, December 17, 1951

SECRET

Repeat OEEC Paris No. 304.

EXECUTIVE BUREAU REPORT FOR TCC

Following from Wilgress, Begins: Further to my telegram from Paris of December 15, I have to report that the discussions on Sunday took a rather different turn from what I had expected.

2. Before the meeting was called to order, Harriman called me aside and said that he had been discussing procedure with a number of the Finance Ministers at a dinner which they attended the previous evening. He said it was proposed that the Executive Bureau should see the various members of the committee who had difficulties about the report, with a view to seeing what could be done to bring the

report more in line with their views. He mentioned particularly that the Belgian Minister had to leave that afternoon, and that the Executive Bureau had arranged to see him after lunch. I told Harriman that I too had to leave that night, whereupon he said that the Executive Bureau could arrange to see me after the afternoon session. I also told Harriman that I intended to make a statement when we reached paragraph 29 on page 14 of D.R./13 through 17, since Mr. Abbott would expect me to make his position clear. Mr. Harriman said that he hoped I could refrain from making any statement until after I had had a talk with the Executive Bureau. I said that this might be difficult and it would depend largely on the course of the discussion.

3. When the meeting was called to order, Harriman announced that it had been agreed that in the afternoon the 12 members of the committee would meet alone to discuss future procedure. He had not mentioned this to me, so I was taken somewhat by surprise, but I assumed it was also something which had been agreed at the dinner the previous evening. We then made rapid progress through the balance of the report. When we came to paragraph 29, referred to above, Mr. Harriman said: "Mr. Wilgress has a particular difficulty in connection with this paragraph, and the Executive Bureau will be discussing with him how the wording of the paragraph can be adjusted to suit the Canadian position." I therefore contented myself with pointing out that paragraphs 29 and 30 made no reference to Canadian expenditure on our military establishment in Europe, and that I thought this could be taken care of by a sentence in paragraph 30. It was agreed that we should discuss the drafting of the sentence with the Executive Bureau.

4. No great difficulty was experienced with the balance of the report until we came to the section on organization. This took up the balance of the morning session, and I shall be reporting to you on this in a separate telegram. As the meeting was breaking up I reminded Harriman once again that I had to leave Paris that evening, and he said he would arrange for the Executive Bureau to have a discussion with us after the meeting in the afternoon. This meeting was called for 3.45 in order to give the Executive Bureau time for their discussion with the Belgian Minister.

5. When I came to the closed executive meeting in the afternoon, Harriman told me he had agreed with the Belgian Minister that the country annexes would be regarded as assumptions, and that all the TCC would be asked to do would be to approve the main body of the report but without commitments by governments as to the assumptions. I reminded him that I might have to make a statement, but he said he hoped that I could refrain from doing so until after my talk with the Executive Bureau. To this I made no commitment.

6. When the closed meeting began, Harriman said that he had had a very satisfactory talk with the Belgian Minister and as a result it was now proposed that the TCC agree upon the main body of the report and recommend the plan of action to governments and to NATO as a whole. The language of the report would be revised to show that the annexes were assumptions for governments to comment upon before the next meeting of the TCC. A supplementary report would be drawn up at the next meeting of the TCC for submission to the Council. He then went on to say that the understanding is that we recognize the critical nature of NATO and that

each member of the committee should go back to his government to see how much of the recommendation concerning them can be accepted. I immediately realized that this statement of Harriman's placed us in a difficult position, and that I would have to make a statement on our position. This was confirmed when the Belgian Minister delivered a long oration eulogizing Mr. Harriman for the part he had played both in European recovery and in the defence effort. He said that the procedure outlined by Harriman was satisfactory to him. He was followed by Dr. Pella, of Italy, who also eulogized Harriman and said that the procedure was satisfactory to him. He too would go back to his government to see what could be done to implement the recommendations of the report, but that before doing so he wished to discuss with the Executive Bureau the special position of Italy. The Norwegian Minister, whom Harriman had praised for his forthcoming attitude throughout our discussions, also said he wished to have a talk with the Executive Bureau that evening.

7. The situation was therefore that if I did not make a statement then, the Ministers would go away believing that we were considering implementing the recommendation in the report regarding economic aid. It would also appear that we too were engaged in some bargaining with the United States and that this was the reason for our silence on the specific recommendation in the annex regarding Canada. It was also important that the other members of the Committee should know the reasons for any changes that might be made in the report to meet our special position.

8. Accordingly, I asked for permission to speak and delivered the statement for which I had been awaiting an opportunity for two days. My statement was largely based on your telegram to OEEC Paris, No. 82, of December 14th. I pointed out that like the other Ministers we also hoped that the TCC report would find general acceptance among North Atlantic countries and provide a new impetus for the common defence effort. Canada desired that its own programme should harmonize as far as possible with the programmes of other members of NATO. I then went on to refer to the fact that it was not possible for us to provide economic aid in addition to the other forms of assistance we had already undertaken and our general defence effort. I referred to what Mr. Abbott had said in the meeting of the Committee on December 4th, and emphasized the difficult problem we had in connection with the deficit in our balance of payments with the United States. I mentioned that unlike other countries we were not engaged in discussions concerning our balance of payments, but were endeavouring to deal with the situation through our own policies. I then referred to what Harriman had said about each of us going back to his own government to secure the implementation of as much of the recommendations as possible. I referred to the fact that I was representing Mr. Abbott, who had already explained to the Committee that it was not possible for him to recommend assistance in the form of economic aid. Our position therefore was different to that of the other ministers in that Mr. Abbott could not conscientiously recommend to the government a course which he had already explained to the Committee it was not possible for Canada to undertake. I concluded by stating that I felt sure that Mr. Abbott and his colleagues in the government would review the situation in order to

see what could be done within the limits of our present programme to adjust this programme more to the needs of the new situation created by the report.

9. Mr. Harriman received this statement without the slightest sign of displeasure. He paid a tribute to what Canada had already done and said that there was nothing new in what I had said, since Mr. Abbott had made the position very clear. He then suggested that I should wait until I had had my talk with the Executive Bureau when it would be seen what changes could be made in the report to meet our particular case. He then went on to refer to the fact that Canada was meeting its deficit with the United States partly by earning dollars from other countries by virtue of its creditor position with these other countries. This was a factor to which they might have to give consideration. This is a point which Harriman had mentioned to me in the discussion I had had with him the previous day, and goes a long way, I think, to explaining how the precise figure of economic aid from Canada had been arrived at. Parkinson and Ritchie were able to gather from those working with the Executive Bureau that the actual recommendation to Canada had been based largely on information which had been received from the United States Embassy at Ottawa. Someone in the Embassy, presumably Bliss, had telegraphed that we would probably consider extending assistance to our NATO partners in the form of economic aid. I refrained from pointing out to Harriman that our creditor position with Europe was in large measure derived from the efforts we have been making to supply our traditional customers with the essential commodities of which they are so greatly in need.

10. After the closed meeting broke up, we met with the Executive Bureau. I had expected a discussion on the general subject of our balance of payments, and had warned Parkinson and Ritchie to be prepared accordingly. However, the discussion was confined solely to seeing what adjustments could be made in the report to meet our particular case. I took the position that we wished all specific references to Canadian aid to be deleted from the main body of the report. The Executive Bureau were very forthcoming and we accomplished our purpose, although in some cases by the device of rather obscure language. Sir Edwin Plowden and Eric Roll were very helpful, particularly in drafting some of the texts to meet out wishes. Harriman said that he did not want me to think that each member of the Committee was committed to going to his government to see what could be done about the recommendation in the annex concerning his country. He had simply made the plea in the closed meeting in order to have the European Ministers make every effort. He did not think that Mr. Abbott was committed in any way by the procedure they proposed to follow. In spite of this assurance, Harriman agreed to a reference in the foreword, which has now become a letter of transmittal to governments, to the fact that no individual member of the Committee was committed. I am sending you a separate telegram giving the text of the changes in the main body of the report and in the foreword to meet our particular case.

11. We were able to learn from Plowden and Roll that their main concern is to have an agreed report which Harriman can take back to Washington to use in his efforts to persuade Congress to be more forthcoming in such matters as off-shore purchases and the manner in which economic aid can be extended. There was a great atmosphere of unreality and even of deception but it was clear that Harriman

was being successful by endeavouring to deal with each country separately. I do not believe my intervention at the closed meeting upset these tactics unduly, particularly as he had already reached agreement with the Belgian Minister. Moreover, what I said will not appear in the summary record, as it was made in the closed meeting, but it was delivered in the hearing of all the Ministers present.

12. The position now is that governments will have until January 15th to submit their comments on the recommendations appearing in the annexes relating to each country. The time and date of the next meeting has not yet been fixed, but it will probably be late in January, and at that meeting a supplementary report will be drawn up based on the comments received from governments. In the meantime active discussions will take place between United States representatives and each government concerning economic aid, and this process of bargaining will be related to the recommendations in the annexes to the report. As if to rebut what I had said about there being no negotiations about Canada, Mr. Harriman said on leaving that I had probably not heard that discussions were now taking place in Ottawa concerning the placing of larger military orders in Canada.

13. Before I left Paris, Baron Snow, who is taking the place of the Belgian Minister on the Committee, came around to the hotel to explain that the Belgian position is very similar to that of Canada in that they were being asked to extend grants to other NATO countries. This they could not contemplate, although they would consider other ways in which they could assist the general situation. He hoped that I would be able to let the Belgian Deputy know of any developments in connection with what we were doing about the report. Obviously he derived some satisfaction from our difficulties, although I do not believe that my intervention in the afternoon had been an important factor in determining the Belgian course, since they too will be engaged in active negotiations with the United States.

14. I left Parkinson to be our representative at the meeting this morning. I think it will be largely a question of confirming what has already been done and of deciding upon the place and time of the next meeting. Ends.

503.

DEA/50030-AL-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 2985

London, December 17, 1951

SECRET

Repeat OEEC Paris No. 305.
Reference: My telegram No. 2984.

TEXTUAL CHANGES IN PORTIONS OF THE TCC REPORT OF PARTICULAR INTEREST TO CANADA

I. *Foreword*

This section was redrafted by the Executive Bureau to take account of our position. The text has still to be approved by the full TCC. It would seem to me that our difficulties are covered by the proposed language of Paragraphs 2 and 3(a) and (b) which makes it clear that the government is not committed to any recommendations in the report and that the Canadian member of the Committee is not committed to the assumptions made regarding Canada. The following is the text suggested by the Executive Bureau, Begins:

1. In accordance with the directive of the North Atlantic Council at its meeting on the 19 September last, the Temporary Committee of the Council transmits the following report.

2. In their consideration of the problems remitted to the Committee the twelve national representatives have regarded themselves as members of a team towards a solution of the overall military, political and economic problems of NATO as a whole, rather than as delegates acting on detailed instructions from their governments. It follows from this that the recommendations made in this report cannot be regarded as constituting governmental commitments. It also follows that effective action on the lines proposed by the committee will depend on acceptance and implementation by individual governments.

3. The report has been approved by the TCC on the following understanding:

(a) The body of the report contained in Parts I through V is recommended for acceptance by the North Atlantic Treaty Organization and member governments. The principles, method of approach of the recommended plan of action and the major findings of the Committee are summarized in Part I. The quantitative estimates in Parts II and III rest on a series of assumptions as regards the actions of individual member governments which do not constitute commitments of governments or necessarily of individual members of the Committee.

(b) Accordingly, Part VI containing annexes relating to defence efforts of individual member countries in relation to their politico-economic capabilities are submitted to member governments for their consideration.

(c) The report of the screening and costing staff of the TCC is a Cosmic Top Secret annex to this report; as indicated in Paragraph I of Part IV, the SCS report is recommended for the urgent attention of member countries and North Atlantic Treaty agencies.

(d) The special attention of member governments and North Atlantic Treaty agencies is directed to Paragraph 20, Part I, setting forth recommendations for immediate action.

4. The Committee proposes to prepare a supplementary report for consideration by the North Atlantic Council at its meeting in Lisbon on 2 February 1952. The Committee accordingly requests each member government to forward its comments on the present report, including in particular the annex in Part VI concerning action by it. These comments should be sent as soon as possible, and in any case

not later than 15 January, 1952, to the Secretary of the Temporary Council Committee, 2 rue de la Faisanderie, Paris XVI.

5. This report is also being referred to the Military Committee in accordance with the decision of the North Atlantic Council at its Rome meeting. Ends.

II. *Paragraphs 10 and 11 of the Section on "The Process of Reconciliation" (TCC-DR/5)*

The Executive Bureau proposes that the last sentence of Paragraph 10 should read:

"Against these costs there are credited the defence expenditures proposed by the European countries, together with assumed North American financed military end-items, whether delivered from North America or produced in Europe under the United States off-shore purchases programme, and certain additional contributions submitted for the consideration of various member governments."

In Table I in Paragraph II, the description of the next-to-last line will be changed to read: "less additional expenditure submitted for consideration of governments", and the specific reference to Europe and Canada will be omitted.

III. *Paragraph 7 of the Section on "Politico-Economic Capabilities" (TCC-DR/6)*

The summary portion of this paragraph will be redrafted and probably will be included in the introduction to the country sections in order to separate it from the main body of the report.

IV. *Paragraphs 29 and 30 of the Section in Part II on the dollar balance of payments (TCC-DR/13 through 17)*

These two paragraphs have been redrafted by Parkinson and Lindemann, of the United States delegation, on lines which I had discussed with the Executive Bureau. The precise redraft has not yet been approved by the Bureau or by the full TCC. The following is the text of the proposed redraft, Begins:

29. As nearly as can be estimated at present, the TCC believes that the dollar deficit of the European NATO countries for the three-year period ending in July, 1954, will amount to about 7 dollars billion. The means available to cover this deficit cannot be assessed exactly, even for 1951/52—e.g. because of uncertainty as to the division of the total United States aid between end-items and economic aid, and as to the portion of the latter which will be needed for non-NATO countries. Furthermore, the degree to which United States funds will be used for off-shore procurement will have an important effect both on the size of the deficit and on the problems which it creates. However, some broad estimates can be made. Taking into account

(a) United States economic aid already appropriated for 1951/52;

(b) A projection of this aid for planning purposes for the next two years at about the same level;

(c) Projected United States military establishment purchases in Europe; and

(d) The assumptions made in the country annexes, there appears to be something over 4 dollars billion available to meet the deficit.

30. This leaves an uncovered deficit to about 3 dollars billion for the three years. While plans with respect to certain additional expenditures can occur in the following categories: United States off-shore procurement; United States contributions to common infrastructure; possibly large additional receipts from United States military establishment expenditures in Europe, if appropriate arrangements can be made by the United States authorities and by the European suppliers. There will also be a Canadian contribution to common infrastructure and Canadian expenditures in Europe for its military establishment. Thus, for the period as a whole, the presently forecast deficit appears at first sight to be manageable. Ends.

V. *Country Annex Relating to Canada*

I did not attempt to get this annex redrafted since the foreword made it clear that we were not committed to it in any way and I felt that a formal request for revisions in it might imply that we could be regarded as associated with it in some degree. If the opportunity presents itself, Parkinson will, however, try very informally to get the analytical part of the annex improved in certain respects which I have discussed with him, particularly with a view to bringing out the fact that Canada has both a large United States dollar deficit and a substantial overall deficit.

504. DEA/50030-AL-40

Le représentant auprès de l'Organisation européenne de coopération économique au secrétaire d'État aux Affaires extérieures

Representative to Organization for European Economic Cooperation to Secretary of State for External Affairs

TELEGRAM 103 Paris, December 18, 1951

SECRET. IMPORTANT.

Repeat London No. 304.
Reference: Further to telegram No. 2984.

TCC MEETING DECEMBER 17

Following from Wilgress, Begins: The TCC concluded its present series of meetings Monday night. The last day was devoted to the formal adoption of amendments of varying substantive importance and to the insertion of a number of corrigends. No major difficulties were encountered however since the major issues had been agreed to in the restricted meeting held on Sunday of the twelve TCC representatives.

2. The most substantive discussion yesterday was on the foreword to report. The Belgian representative (not the one who attended Sunday's meeting) was afraid that the following statement in the foreword did not cover his position clearly enough: "The quantitative estimates in Parts II and III (of the report) rests on a series of assumptions (contained in Part VI — country annexes) as regards the action of individual member governments which do not constitute commitments of govern-

ments or necessarily of individual members of the Committee". His intervention made it possible for Monnet and several other members to express their dissatisfaction again with the words "or necessarily of individual members". The Belgian intervention was ill-advised since the majority of the members of the Committee was willing to undertake to recommend adoption by their governments of the assumptions made with respect to their country and indeed some of them, like Monnet, were anxious to be so bound. Harriman explained to the Belgian that the words to which he objected had been inserted to meet the Canadian position in this respect, which was the same as that of Belgium. The Committee agreed that the draft as quoted above fully met the Belgian position. We did not have to intervene.

3. The only change made in the text of the foreword (as contained in telegram No. 2985 from London) was in the preamble to paragraph 3 which now reads: "the TCC has agreed to the report on the following basis:".

4. All the amendments of concern to Canada, as contained in telegram No. 2985 from London, were approved yesterday precisely as given therein.

5. Of the other amendments approved perhaps the most important was that concerning the section on EPU (Document TCC-DR/13 through 17). The new draft is rather less critical of the excessive creditor position of Belgium.

6. With respect to amendments to the Canadian annex (see telegram No. 2985 final paragraph) we were able, by an informal approach, to get the Working Group to agree to one minor change, but not to any others. Paragraph 1(c) of the Canadian annex will now read: "due to the large increase of Canada's purchases in the United States required for defence or defence production, and to the post Korean rise in import prices, Canada has a sizeable deficit in its balance of payments with the United States, which is only partially offset by its surpluses with other areas". It was not possible to gain acceptance of a change in Paragraph 3(a) to indicate that Canada, too, has serious balance of payments difficulties. As you may guess, such a change would, in the view of the Working Group, weaken the effect of the major recommendation and, in their view, was covered as to the argument by the reference to the problem in Paragraph 3(c). We pointed out the unreality of the argument used in the last part of Paragraph 3(c), having in mind the fact that additional orders would take a long time to produce any impact on the balance of payments. In view of the fact that this annex is the responsibility of the Executive Bureau, to which we clearly are not committed, and to the fact that the notion expressed in this paragraph is firmly held by Harriman himself, it was not possible to persuade the Working Group to go back with proposals for a revision of this paragraph.

7. The report as revised will be issued shortly and we shall airbag copies to you.

8. Harriman emphasized the importance of the request which is made in the revised foreword to the report that each member government should forward, before January 17th, its comments on the present report, including in particular the annex in Part VI concerning action by it, and also on the SCS report. He explained that these comments would be collated by the Working Group (i.e. the Deputies) of the Executive Bureau which would meet later in January. Comments on the SCS report are to be handled by McNarney's staff. He suggested and it was agreed that after consideration by the Executive Bureau, the TCC shall meet again in Paris

rather than in Lisbon in view of the large staff required. No date was fixed for this TCC meeting at which a supplementary report is to be prepared for Lisbon.

9. The Committee agreed to leave it to Harriman to prepare a press release covering its activities. In agreeing to do this, he said he was anxious to consult with SHAPE so that "the release would be balanced as between the military and the economic". The press release, which Harriman issued at a two-hour press conference this morning, is contained in my immediately following telegram.† A letter which Eisenhower sent Harriman on December 14th was annexed to the press release (see Document TCC-D(22) airbagged to you on December 17th.)[72] Ends.

11e PARTIE/PART 11

YOUGOSLAVIE : AIDE MILITAIRE ET ÉCONOMIQUE
YUGOSLAVIA: MILITARY AND ECONOMIC AID

505. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 30, 1951

. . .

ECONOMIC ASSISTANCE TO YUGOSLAVIA; LABRADOR FISH

23. *The Secretary of State for External Affairs*, referring to the discussions at the meetings of December 28th, [sic] 1950[73] and April 13th, 1951,[74] recommended approval for the inclusion in the supplementary estimates for 1951-52 of up to $45,000 for the purchase of some 125 tons of Labrador fish and its shipment to Yugoslavia as a gift for purposes of relief. A substantial portion of the funds required would have to be paid, in any event, under the present support programme if, as appeared probable, the fish proved unmarketable.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 18, 1951 — Cab. Doc. 154-51)†

24. *Mr. Pearson* said that the other North Atlantic countries considered it important to extend economic assistance to Yugoslavia in order to stabilize conditions there until the next harvest. The United States and the United Kingdom were undertaking large relief programmes. It appeared that the political difficulties previously anticipated at the meeting of December 28th, 1950, in connection with direct Canadian aid to Yugoslavia, would not be serious in this case as the shipments would be small and there was strong evidence that Tito would shortly give a further indication of his desire for co-operation with the democracies by releasing Archbishop Stepinec.

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[72] Voir/See *FRUS*, 1951, Volume III, pp. 377-379.
[73] Voir/See Volume 16, Document 1001.
[74] Voir le document 260./See Document 260.

25. *The Cabinet*, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that up to $45,000 be included in the supplementary estimates for 1951-52, for the purchase of Labrador fish and its transportation to Yugoslavia as a gift for purposes of relief.

PROVISION OF ARMS TO YUGOSLAVIA

26. *The Minister of National Defence*, referring to the discussion at the meeting of May 18th, 1951, reported that the Foreign Military Aid Branch of the U.S. Department of Defense had recently communicated to the Canadian Joint Staff, Washington, a request that Canada provide military aid to Yugoslavia in the form of certain of the remaining U.K.-type supplies and equipment that it was planned to make available to the North Atlantic Treaty Organization but which were still unallocated. The letter had indicated that the request was on behalf of the U.S. government; the members of the Standing Group had considered that it would be desirable for Canada to furnish a substantial portion of the equipment requested; the United Kingdom, France and the United States were taking action to provide arms to Yugoslavia; and, it was proposed that the Canadian equipment requested be made available free of charge at Canadian ports for shipment at U.S. expense to a stockpile being established by the U.S. government near Yugoslavia or, if possible, direct to Yugoslavia.

For various reasons, the portion of the remaining Canadian stock of U.K.-type equipment still available for transfer had decreased in size since communication to the Standing Group some months ago of the list on which the U.S. authorities had based their request. While the matter was still under consideration, it appeared that, if the presently-indicated requirements of NATO countries for Canadian supplies were to be met, only a limited number of rifles and some range finders could be provided for Yugoslavia.

(Letter, May 15, 1951 to the Canadian Joint Staff, Washington, from the Foreign Military Aid Branch, U.S. Department of Defense)†

27. *The Minister of Trade and Commerce* pointed out that the Defence Appropriation Act, 1950, alone provided authority for the gift of equipment to other countries.

28. *The Minister of Public Works* suggested that, if it were decided to provide arms to Yugoslavia, they might be furnished as mutual aid under that Act to a NATO country, which could then arrange for their transfer to Yugoslavia.

29. *The Secretary of State for External Affairs* considered that the channel used by the U.S. authorities in raising the matter was inappropriate for the type of question involved.

30. *The Prime Minister* thought that no decision should be reached before it was clear what contributions the United States and the United Kingdom planned to make and until certain political developments in Yugoslavia were clarified.

31. *The Cabinet*, after further discussion, noted the report of the Minister of National Defence as to the amount of U.K.-type equipment that might be available in Canada to meet a request from the U.S. military authorities for the provision of arms to Yugoslavia, and agreed to defer decision on the matter for the present.

...

506. DEA/50259-40

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], July 20, 1951

ECONOMIC AID TO YUGOSLAVIA

On Wednesday Griffin and I went to see Bryce of the Department of Finance about this subject.

2. We told Bryce quite frankly that, although the opinion in the Department was unanimous that Yugoslavia must be kept afloat, we have rather mixed feelings about the extent of any Canadian participation in economic aid. We found that Bryce was rather more receptive to the proposal than we had anticipated. He readily agreed that Yugoslavia must be supported and expressed the view that, if we are going to offer any aid at all, it must be something more than a token "codfish" offer. We did not discuss any amounts in detail or the type of aid which Canada could make available but we drew the conclusion that Bryce thought it would not be worthwhile asking for much less than a couple of million dollars in whatever form might be appropriate.

3. It was agreed that Bryce would speak to his Minister who is expected back in town within a few days. He would not tell Mr. Abbott that this question had been raised officially but merely inform him that a resolution had come before the Deputies and that we might expect, sooner or later, an approach either from the Yugoslav Government or from one of the Standing Group countries to consider economic aid to Yugoslavia in some form.

4. I am of the opinion that we should now proceed to clear this question with the Cabinet and in this connection I believe it would be desirable to wait until Mr. Pearson returns from Europe rather than attempt to carry this matter into the Cabinet without him. Accordingly, as soon as the Minister returns, a memorandum should be put before him outlining the proposal.[75]

R.A. M[ACKAY]

[75] Notes marginales :/Marginal notes:
I agree. See the Minister's telegram on this subject today [C.S.A.] R[itchie].
I'm inclined to think not much hope until after the Council meeting — if then R.A.M[acKay].

507. DEA/50004-40

Note de la Direction européenne
pour le chef de la Direction européenne

Memorandum from European Division
to Head, European Division

SECRET [Ottawa], July 27, 1951

ECONOMIC AID TO YUGOSLAVIA

Recently, the three governments of the United States, United Kingdom and France considered it advisable to develop a plan of assistance which, in cooperation with other forms of assistance, should lead to the attainment of equilibrium on Yugoslavia's foreign payments and enable Yugoslavia to be independent of extraordinary foreign economic aid. The assistance planned is as follows:

1. Grant of money
2. Postponement of debt payments
3. Revision of debt repayment schedules
4. Facilitating the procurement of goods now in short supply in Yugoslavia.

At the same time, the three governments considered that the problem of Yugoslavia was of concern not only to them but to all the NATO members whose security is involved. Accordingly the following resolution was submitted to the Council Deputies:

"Economic assistance to Yugoslavia.

"The Council Deputies, reiterating the view expressed in their agreed minute of January 22, 1951 (See Document D-D(51)29 Final)† that 'it is most desirable that the Western Powers give economic assistance to the Government of Yugoslavia to the best of their ability', and recognizing that on the basis of the developments described in document D-D(51)174,† the time has now come to take concrete steps of this kind, recommend to member governments that, if they are approached by the Yugoslav Government, they cooperate to the fullest extent feasible by extending economic assistance to Yugoslavia.

"Member governments are advised that the Governments of France, the United Kingdom and the United States expect to approach each of them individually through diplomatic channels to ascertain what cooperative measures they can undertake, and to cooperate with them in working out specific arrangements for the implementation of such measures."

Since the wording of the resolution could be interpreted as a guarantee of aid by all members agreeing to it, we informed Mr. Wilgress that it was not possible for him to accept it until the government had had adequate time to give full consideration to the question. Mr. Wilgress thereupon informed the Department that no guarantee of aid was expected but that the resolution required only the reiteration of the view expressed earlier (Doc D-D(51)29 Final)† — that it is desirable that the Western Powers give economic assistance to the best of their ability, and recommend

that if they are approached by the Yugoslav Government they should cooperate to the fullest extent feasible by extending economic assistance to Yugoslavia.

As the Minister was at this time in London, the Department requested Mr. Wilgress to obtain his views. Mr. Pearson pointed out that he considered we should agree to the resolution since it appeared that to do otherwise would place us in the position of being the only abstainer. However, he instructed the High Commissioner to emphasise "that all we are under any obligation to do is to cooperate to the fullest extent possible in the *consideration* of any request for economic assistance". He also added that he thought the High Commissioner could accept the draft resolution without any specific approval from the Cabinet although if there were time the Department might put it up on these lines.

Since both the Minister and the Acting Minister were away, it was decided not to put anything up to Cabinet on this matter at this time.

On July 23 at the Meeting of the Political Working Group the United States representative, Mr. Galloway, circulated a memorandum† referring to military assistance to Yugoslavia. The gist of the memorandum was a request that the NATO members reaffirm their belief that the ability of Yugoslavia to defend itself will contribute to the preservation of peace and security of the North Atlantic area. The reason for this request is that since the United States Government is contemplating assistance to Yugoslavia by providing military equipment and additional economic aid, it is required by legislation to consult with other NATO governments. The attached Aide Mémoire is therefore in line with our previous one of March 28 (copy† of which is attached).

Mr. Morgan received this Aide Mémoire yesterday, July 26.

At this stage, it appears necessary to decide whether Cabinet should be approached on the stand we should take if the Yugoslavs make a request for assistance. I think that if a memorandum were to be put to Cabinet it should outline the present position and recommend either that we should grant aid to Yugoslavia if approached (if it is sufficiently clear we intend so to do), or that we should be prepared to give consideration of any request on its merits. Alternatively, it might be preferable to refrain from submitting a memorandum to Cabinet until an actual request is made. This has the disadvantage of uncertainty and delay both from the Yugoslav point of view and from the point of view of any working group in this Department. On balance, therefore, it would seem preferable to forewarn Cabinet so that we would be able to deal more promptly, either for or against, with any request that might be made.[76]

A. B[ROADBRIDGE]

[76] Note marginale :/Marginal note:
Mr. Watkins said that at the meeting on this matter it was considered that we should await the Yugoslav request. A. B[roadbridge].

508. DEA/50004-40

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 1361 Ottawa, July 30, 1951

SECRET. IMPORTANT.

Reference: Your telegram 1848 of July 24.†

ECONOMIC ASSISTANCE TO YUGOSLAVIA

Reference para. (1), the following is the text of the Aide Mémoire transmitted through the United States Embassy in Ottawa on July 26:

The Canadian Government has considered the question raised in the memorandum† circulated by the United States representative at the meeting of the NATO Political Working Group on July 23, 1951, of further provision of assistance to Yugoslavia by the United States administration under the authority of the Mutual Defence Assistance Act of 1949, as amended pursuant to the terms of Section 408 (cc) of that Act.

The Canadian Government reaffirms the position it has taken in this regard in its Aide Mémoire of March 28, 1951,† to the effect that the ability of Yugoslavia to continue as an independent nation is of great importance for the preservation of the peace and security of the North Atlantic area.

The Canadian Government, therefore, agrees that the provision of further assistance to Yugoslavia will contribute to the maintenance of peace and security. Such assistance is of importance for the defence of the North Atlantic area in view of the strategic location of Yugoslavia and the serious effect on the security of the North Atlantic area which would result from the inability of the Yugoslav Government to obtain military as well as other equipment and supplies it requires to provide for the defence of its territory.

509. DEA/50259-40

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-3539 Washington, September 28, 1951

TOP SECRET

Reference: Your EX-1300 of June 21st, 1951.†

UNITED STATES REQUEST FOR CANADIAN MILITARY AID TO YUGOSLAVIA

1. We have been approached again by the State Department regarding the possibility of obtaining Canadian military aid for Yugoslavia. The approach was informal and made at a junior level to obtain our reactions. During a talk about other matters with Vass, officer in charge of political-military affairs in the State Department, we were informed that the State Department were considering how to request the Canadian Government to furnish military equipment to Yugoslavia. The military situation in Yugoslavia is apparently quite critical and the only available existing stocks which could be readily transferred to Yugoslavia comprise some German equipment in Norway and at least part of the unallocated United Kingdom type equipment held by Canada. He said that no firm decisions had, as yet, been reached, but that the following three possible methods of approaching the Canadian Government on this problem were under consideration:

(a) The Standing Group might make a recommendation to the effect that all or a portion of the unallocated Phase 3 equipment offered to NATO should, in the interest of North Atlantic Treaty defence, be sent to Yugoslavia;

(b) The United Kingdom, the United States and France might jointly approach the Canadian Government with the request that the offer of the present Phase 3 equipment to NATO be withdrawn and the equipment or a portion of it be allocated to Yugoslavia;

(c) The United States or the United Kingdom might make a bilateral approach to Canada with a similar request. He said that one difficulty with respect to a United States bilateral approach was that Canada might expect the United States to purchase the equipment for transfer to Yugoslavia. He said there was very little likelihood of this as present United States policy does not contemplate offshore purchasing in Canada under the M.D.A.P.

2. Vass was reminded of the recent request which had come from the United States Department of the Army. He was also told that aside from the question of availabilities there was no certainty that the transfer to Yugoslavia of this equipment would be possible under existing Canadian legislation.

3. Vass said that this discussion could be regarded as advance warning and that the State Department would appreciate any comments which we might wish to offer on the type of approach which could be made to Canada, the likelihood that the equipment could be made available, and the best means, from our standpoint, of making this equipment available. He mentioned that there might be possible political difficulties for Yugoslavia in accepting equipment on the basis of an allocation recommended by a North Atlantic Treaty Body.

510. DEA/50259-40

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-1938 Ottawa, October 5, 1951

TOP SECRET

Reference: Your telegram WA-3539 of September 28, 1951.

UNITED STATES REQUEST FOR TRANSFER OF CANADIAN ARMS TO YUGOSLAVIA

Following from Under-Secretary, Begins: The questions raised by your telegram received some discussion at Cabinet Defence Committee on October 2 in connection with the first item on the agenda, which concerned allocation of Canadian Army equipment to various countries. We are sending in this message a summary of the discussion which took place, and will let you know as soon as possible, what, if anything, you should say to the State Department.

2. The subject was raised by the Minister of National Defence, who referred to the preliminary consideration given the matter at the meeting of the Cabinet on May 30, 1951. He reported that the U.S. authorities, considering that Yugoslavia required arms urgently, were preparing to press for Canadian action in the matter. The Standing Group strongly favoured the proposal and one or all of the Standing Group countries were likely to make a formal request to Canada in the near future.

3. The Prime Minister wondered how public opinion would react to Canadian provision of equipment to Yugoslavia in view of the situation regarding Trieste. Mr. Pearson doubted that the two questions would be viewed as related to one another. He mentioned that the Standing Group were trying to bring Italy and Yugoslavia together on the Trieste question and there was some possibility that they would succeed. If they did, the allied position in the area would be strengthened and assistance to Yugoslavia would be made easier. Although in May the provision of equipment to Yugoslavia had been deferred in view of certain political factors, it was unsatisfactory that equipment should be given for example to Portugal and not to Yugoslavia, which would put it to far more effective use, having already some twenty-eight divisions in being.

4. Mr. St. Laurent enquired whether General Eisenhower had been brought into the discussions on provision of arms to Yugoslavia by NATO countries. To Canadians he was the expert on what measures should be taken in Europe to prevent war. Possibly he had already expressed views in the matter. Should he recommend the provision of Canadian equipment to Yugoslavia with a view to strengthening Western Europe, it would be helpful.

5. Mr. Pearson thought that the Standing Group would not be backing the provision of military aid to Yugoslavia without first having consulted General Eisen-

hower, and agreed that, should a formal approach be made to Canada for the provision of equipment, General Eisenhower's views could be sought.

6. Mr. Claxton said that, while it would not be desirable to transfer to Yugoslavia U.K.-type equipment required by NATO countries, there would be some items, such as 25-pounder guns, which would be very useful to Yugoslavia and were not required in the NATO area.

7. Mr. Bryce suggested that consideration might usefully be given to the possibility of transferring equipment to Yugoslavia through a third party, as had been done in the case of Turkey during the last war.

8. After some further discussion the subject was dropped on the understanding that the Committee would, upon receipt of a formal request supported by General Eisenhower's recommendation for the provision of arms to Yugoslavia by Canada, be prepared to consider what items of equipment not required by NATO countries might be transferred to Yugoslavia.

9. Subsequent to the discussion in Cabinet Defence, we received General Foulkes' account of his recent conversations in Washington, of which he has already told you. There was some discussion of the general subject of provision of arms to Yugoslavia and we are recapitulating several points of importance. Apparently the United States by reason of legislative restrictions may have difficulty in sending any further military equipment to Yugoslavia except for a certain amount of unimportant and obsolete material. The Pentagon does not appear to have altered its view that the position in Yugoslavia is quite critical, but it is having second thoughts about the desirability of sending further equipment to that country without a good deal more information than is at present available as to how effectively it would be used. The Pentagon is anxious to send to Yugoslavia a group of eighteen liaison officers to make a detailed study, which would form the basis of a judgment as to whether or not armaments shipped to Yugoslavia might be wasted through inefficient employment. Until some such study is available, the Pentagon is not anxious to send further modern equipment to Yugoslavia when it might be of more use in countries of Western Europe where technical knowledge is more advanced even though the number of trained troops may be smaller.

10. This information obtained by General Foulkes puts in a new light the approach made to you by Vass. There may be some possibility that the formal request foreseen by Vass will not in fact materialize. We suggest that you let the subject lie fallow until you hear from us again.[77]

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[77] Note marginale :/Marginal note:
For file — this page [beginning paragraph 8] was checked with Gen[eral] Foulkes via Rayner.
M. W[ershof]

511. DEA/50259-40

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-3995 Washington, November 15, 1951

TOP SECRET

Reference: My despatch No. 3095 of October 13th.†

UNITED STATES REQUEST FOR TRANSFER OF CANADIAN ARMS TO YUGOSLAVIA

1. As reported in my despatch under reference, the State Department have not permitted this question to "lie fallow". Yesterday, Ignatieff was asked by Haselton to meet with the Officer-in-Charge of Balkan Affairs and the officer on the Yugoslav Desk, to receive what was described as "official notice" that a new approach to the Canadian Government may be expected shortly from the governments represented on the Standing Group with a request for the provision of military aid by Canada to Yugoslavia.

2. The State Department officials explained that this United States approach was being made at this time because the signing of the bilateral agreement between the United States and Yugoslavia yesterday now made it possible for the United States Government to go ahead with its own increased programme of military aid to Yugoslavia. (The text of the bilateral agreement signed November 14th is contained in my immediately following teletype en clair).[78] The United Kingdom and French Government, with whom there has been constant consultation on this matter, will likewise extend military assistance to Yugoslavia.

3. This formal approach, it was explained, was being made so that the Canadian Government would have definite notice that the Standing Group members intend to raise this question again with the Canadian military representatives. It would thus give an opportunity for the Canadian authorities to review the possibility of transferring Canadian arms to Yugoslavia on the basis of the list of unallocated military equipment submitted by Canada to the Standing Group. The State Department officials were aware that there was a need by the Yugoslav forces which could not be filled from United States, United Kingdom and French sources for field artillery, particularly 25 pounder guns. They also suggested that if the Canadian Government found it difficult to make commitments now for the transfer of a number of items in substantial quantities to Yugoslavia in the future, consideration might be given to going ahead on a piecemeal basis with the transfer of one or two items of equipment in small numbers, gradually extending the transfers as it became clear that the equipment in question was not required by Canada or in the NATO area.

[78] Non imprimé./Not printed. Voir/See United States, Department of State, *Bulletin*, Volume XXV, No. 648, November 26, 1951, pp. 863-864.

4. There was some general discussion on the point raised in paragraph 2 of your message EX-1975 of October 12th,† concerning the usefulness of such transfers of equipment to Yugoslavia. The State Department representatives were unable to throw any light on the impression referred to that the Pentagon may have some doubts on the efficiency of the employment of equipment by the Yugoslav forces. All that they could say was that they were satisfied that, as a result of the negotiations leading to the bilateral agreement just concluded, they could count upon a much greater degree of military co-operation with the Yugoslav forces. The Yugoslav Government had agreed now to a considerable addition of staff in the office of the United States Military Attaché in Belgrade to supervise the transfers of equipment. Under Article 6, paragraph 3, of the bilateral agreement, the Yugoslav Government agreed to "take appropriate steps to ensure the effective utilization of the economic and military assistance provided by the Government of the United States".

5. There was also some discussion on the respective role of the Standing Group and General Eisenhower in the making of recommendations on the relative priority to be accorded to the NATO area and Yugoslavia in the provision of equipment. The State Department representatives expressed the view that since Yugoslavia was outside the NATO area, there might be difficulty in making any formal request to General Eisenhower for a recommendation on a matter which evidently lies outside his area of responsibility. The Standing Group also has no direct responsibility in regard to Yugoslavia, although in the discussions which have taken place in the Council Deputies, it has been recognized that it was desirable for NATO members to keep in touch with one another on the defence problems of Yugoslavia since these impinged in an important way on the defence of the NATO area. As far as the new approach to the Canadian Government was concerned, the Standing Group was involved because the equipment which might be transferred by Canada to Yugoslavia was included in the list of availabilities submitted by Canada to the Standing Group. It might, therefore, be expected that the Standing Group could express an opinion, or even a recommendation to the effect that more urgent requirements for the Canadian equipment in question existed outside the North Atlantic area and that no objection would therefore be raised to such unallocated equipment being made available to Yugoslavia.

6. The discussion ended by the State Department officials being reminded again that, apart from the uncertainty existing with regard to the availability of Canadian equipment to Yugoslavia, there was also uncertainty as to whether such transfers to Yugoslavia would be possible under existing Canadian legislation. The State Department officials were not clear as to exactly when the new approach to us would be made through the Standing Group. They thought it might be within the next two weeks. However, it does not seem probable that the question would be raised until after the next round of NATO meetings are concluded in Rome because of the absence of senior officials.

12e PARTIE/PART 12

RÉUNION DU CONSEIL DE L'ATLANTIQUE NORD, ROME, 24-28 NOVEMBRE 1951
NORTH ATLANTIC COUNCIL MEETING, ROME, NOVEMBER 24-28, 1951

512.

DEA/50030-A-5-40

Projet d'une dépêche

Draft Despatch

TOP SECRET

[Ottawa], December 8, 1951

CIRCULAR DESPATCH ON THE ROME MEETING

I should like to give you some impressions of the Rome meeting of the NATO Council which the Press have pictured as a near failure but which, by crystallizing important issues and pointing out the urgent necessity of their solution, did in fact do much to prepare the ground for the next Council at Lisbon, which may be the decisive meeting in NATO history. Admittedly there were, as the Press reported, differences of opinion, but if these did not exist there would not be any need for NATO meetings. These differences were aired and the exercise certainly did not widen the area of disagreement nor even reveal any unsuspected divergence of view. I think it is fair to say that as much was accomplished as could reasonably have been expected from the meeting when it was held before the report of the Temporary Committee of the Council was ready; when the European defence community discussions had not yet reached any conclusion and when the tripartite negotiations with Germany were still going on. Furthermore, the new United Kingdom Government had just taken office and Mr. Churchill had not yet had his meeting with President Truman, on which so many decisions of U.K. policy apparently must wait. Taking these factors into account, it was a hopeful meeting, and we can look to Lisbon for progress on the analysis of the TCC report and the Medium Term Defence Plan; on the various command questions, the standardization of small arms and perhaps even on the new status for Germany and the establishment of the European defence community, although it must be recognized that the chances of the last two being ready for final action are slim indeed.

There were several procedural innovations at the Rome meeting. The first was at the public opening meeting where, as well as the welcoming addresses by Mr. De Gasperi, as head of the host state and by Mr. Pearson, who was in the Chair as President for the first time, Mr. Van Zeeland, as past President, Mr. Kraft of Denmark, and Mr. Eden also spoke. Thus, you see that we only heard from one of the Big Three at the opening meeting, that being Mr. Eden who was attending his first NATO meeting. Mr. Acheson, perhaps feeling that the participation of General Eisenhower and General Gruenther, together with Mr. Harriman at later sessions, would so emphasize the predominance of United States influence, decided not to speak at the opening session and, in fact, did not play a very conspicuous part in

the Council's deliberations at this meeting. That is not to say, of course, that American influence behind the scenes was, to any extent, reduced.

In his opening remarks, Mr. Pearson stressed the fact that there was nothing inconsistent in holding the NATO meeting while United Nations were busy discussing disarmament. He said that "our determination to strengthen our defences under the North Atlantic Pact when we have unfortunately every reason to feel that strength for defence is necessary in the world today, and our loyalty to the principles of the United Nations Charter are two parts of the same policy". He went on to affirm that "we have no intention of diverting from peaceful use anything like the resources which would be needed for aggressive action, but we have every intention of securing the strength needed to defend ourselves". This is a point which was also made by General Eisenhower later during the Council. He affirmed that the professional soldiers in the Kremlin were well able to assess the magnitude of NATO defensive military preparations and to recognize that they fall far short of what would be necessary if any aggressive military action were contemplated. Mr. Pearson went on to say that while the meeting will be rightly concerned with the most immediate and urgent task of strengthening our defences, NATO would not be neglecting the long-range purpose of building the North Atlantic community into a closer association for the economic and social advancement of its peoples. This would emphasize that NATO has always been and must remain more than a mere military alliance.

In his remarks, Mr. Kraft, the Foreign Minister of Denmark, also referred to the similarity of purpose of U.N. and NATO. He stressed the close connection between the work in Paris and in Rome and denied the Russian propaganda that they were incompatible. He put it this way: "Rome represents the work of today and Paris the work of tomorrow. In Paris we are planning for the future. Our goal is the progressive reduction of armaments. The world of today is so full of contradictions that before we can reach the goal we set ourselves in Paris, we must solve the problems which are before us in Rome, namely, to prepare the strengthening of defence which is required in order to bring about an approximate balance in the strength of the East and the West. Without such balance there will be no security and without security all talk of reduction of armaments is empty."

At this opening meeting Mr. Pearson welcomed observers from Greece and Turkey. Turkey had nominated its Ambassador in Rome and Greece had sent to the meeting the Under-Secretary of State for Foreign Affairs. Their attendance was limited to the plenary session of the Council.

On Saturday afternoon the Council had its first closed session and as the first item considered draft rules to govern press relations at Council meetings to provide what is called, somewhat optimistically in Mr. Pearson's opinion, a "controllable flow of information". The substance of the decision was that specific topics on the agenda should not be discussed with the press. They should not even be mentioned as topics which were up for discussion. The three placed in this category at Rome were the special political topics on which reports were heard; the relative strengths of Soviet and NATO forces and the study on the effectiveness of NATO forces. On other topics it was decided that the Chairman of the Council should use his discre-

tion in giving information to the press at briefing sessions which only he, alone or with a Council colleague, should give.

The reports from the Military Committee were then submitted by its Chairman and it was decided that to expedite the Council's business the majority of these, which were largely technical, should be referred to a sub-committee of Defence Ministers who would report back to the Council at a later session.

A progress report on the Civilian Agencies was then submitted by Mr. Spofford, the Chairman of the Deputies. These were for information and did not call for any action.

The meeting then heard from various Foreign Ministers on political topics of particular concern. It had been decided, on the recommendation of the Deputies as a result of a suggestion first made through the Working Group of the Committee of Five, that the general review of world events by each Foreign Minister which had been on the agenda of previous meetings, should be replaced by reports on selected topics or areas of special interest.

Mr. Acheson, somewhat reluctantly it must be recognized, began with a short report on the Far Eastern situation. He declared that there was little information he could add to the full reports carried by the press, but he did make several significant observations. He stressed the fact that the Far East was the area where actual fighting is now taking place — fighting which is all communist-directed and which has the result of diverting NATO forces.

He declined to forecast on the outcome of the cease fire negotiations and insisted that while the United Nations Commander was sincerely anxious for peace, he was also most realistic about communist manoeuvres in negotiation.

Mr. Acheson explained that, in his view, if an armistice was achieved "certain things will flow" and conversely, if there is no armistice "other things will flow". In elaboration he explained that following an armistice immediate action for the reconstruction of Southern Korea should be taken but that nothing should be done, in his opinion, in North Korea until there is a political settlement. Nevertheless, before any real help could be given to South Korea he felt strongly that the administrative procedures in the United Nations would have to be overhauled. He also stressed that there should be no illusions about a speedy withdrawal of troops after an armistice. On the other hand, if there is no armistice, additional contributions in troops will be necessary and assistance would also be required from those who have not yet sent forces.

Turning to the Pacific area generally, he outlined the U.S. Administration's intentions to present to Congress at the first opportunity the Pacts which form the basis of the Pacific security system. He described these as just a beginning "a nucleus around which other nations can associate themselves".

There was no discussion following his statement but Mr. Pearson remarked on the importance to all of us to know, as far in advance as possible, when the flow of events, which Mr. Acheson foresaw, is likely to begin, so as to prevent any of us from being engulfed by it and to enable us to take our part in directing it. Mr. Pearson could see action in the United Nations by Mr. Vishinsky, as one consequence of the flow in either contingency. In the event of an armistice Vishinsky is

likely to insist that the time is now ripe for a general discussion of Far Eastern questions and it would require a good deal of prior consultation among us if we are to act together.

Mr. Eden then gave a report on the situation in Egypt. His main theme was to assure the Council that the United Kingdom would do everything possible to limit the area of conflict to the Canal Zone. He confirmed that the United Kingdom was both able and determined to maintain its position and rather surprised the meeting by describing local relations with the Egyptian army as excellent. The British apparently cooperate with them to the extent of facilitating the daily movement of a supply train across the Canal Zone to the Egyptian forces in the Gaza Strip.

The three main points of U.K. policy in the area are: to maintain United Kingdom rights under the Treaties; to prevent the conflict spreading; and to remain ready to reopen discussions with the Egyptians on the Four Power proposals.

There was evident sympathy and support for the United Kingdom position in the Council and there was some discussion. Mr. Stikker, the Netherlands Foreign Minister, explained the difficulties which his Government had had with Egypt, when it had become necessary for their new Minister to present his credentials. The Egyptians had insisted on the recognition of the King as King of the Sudan and up to the time he spoke the credentials had been refused. He described how necessary it would be to form a united front on this matter. The same situation had apparently arisen with respect to the credentials of the new Egyptian Minister to Lisbon, in which case the Portuguese Government had declined to accept credentials which varied in any way from the former description of the King.

Mr. De Gasperi made a short intervention in the debate pointing to the traditional Italian interest in the Middle East and to the necessity of firmness in meeting the situation, for he insisted that it would be an error to underestimate the consequences of the manifestations of excessive nationalism which were evident in the area.

The Greek observer, at the invitation of the President, then described the particular difficulties of his country regarding the credentials for their new Ambassador in Cairo — a situation which was made the more serious by the fact that there are some 120 thousand Greek citizens in Egypt who are pressing the Greek Government to meet the Egyptian demand for recognition of the King's new title. He declared, however, that the Greek Government was determined not to give way.

The meeting then heard from Mr. Lange, who described the diplomatic difficulties between Norway and the Soviet Union arising from the latter's protest that the placing of Spitsbergen within the NATO area and the preparation of NATO bases in Norway was a contravention of the Norwegian Soviet Treaty. There had also been objection to the Norwegian Government's action in concentrating Soviet War graves. Mr. Lange saw that there was a possibility that the Soviet protest arose from a real fear that military measures are under preparation in Spitsbergen as part of North Atlantic defence planning, and this is the interpretation which he holds. On the other hand, the Soviet Notes might have a different motivation — that of preparing the ground for Soviet action in this northern area, and while feeling that the Soviet Government could not be under any misapprehension that Spitsbergen,

like the rest of Norway, is part of the North Atlantic area and would benefit fully from the protection of the Organization and thus could not believe in the possibility of successfully pursuing any isolated aggression. Nevertheless, recently there had been a certain increase in the strength and number of Russian naval units and merchant ships under the Russian flag in northern waters. Norway has asked the proper organs of the North Atlantic Organization to make an evaluation of this development.

Mr. Schuman then spoke on the situation in Indo-China. He explained the support which the nationalists in that area were now getting from communist China although, as yet, there was no evidence of the participation of Chinese "volunteers". He explained that over one-third of the military budget of France is used to support the action in Indo-China and stressed that France is thus carrying out two engagements, the one in the Far East, and their undertakings in Western Europe — in two places for the same end. He referred to Mr. Acheson's remarks on Korea and saw as a possible consequence of an armistice the transfer of Chinese volunteers to the Indonesian front.

He, like the others who had spoken after Mr. Eden, expressed his support for the British position in the Suez.

Monday was U.S. day at the Foro Italico — the day when General Gruenther made his "presentation" to the Council and when General Eisenhower made his personal appearance before the Military Committee and later before the Council.

General Gruenther gave a clear and informative summary of the facts behind medium-term defence planning and the estimate of relative strengths of Soviet and NATO forces, but he did not really add any information to that contained in the two Standing Group documents which had been prepared on this subject. There is little doubt, however, but that his presentation was useful, for some of the political representatives may have shied away from studying these figures of strengths and force requirements in detail and he certainly made it quite clear that the forces which were being requested were the minimum required to plan any kind of a stand against a possible Soviet attack. On the whole his tone was encouraging and confident and he left no doubt that, even as matters stood, SHAPE was prepared to make a stand no matter when the balloon might go up.

Mr. Harriman, the Chairman of the TCC, followed General Gruenther and reported on the work of that Committee. This was, of necessity, an interim report as their work is still in mid-career. He mentioned specifically, however, that in his mind the failure to provide airfields on time was a critical defect in the military preparations and that a lack of knowledge of requirements was one of the most serious questions in the whole infrastructure problem.

He also paid special attention to the acute shortage of coal in Europe which he saw to be one of the gravest problems. He urged the highest priority and co-operation in its solution.

Regarding the final report of the Temporary Committee he explained that it would be impossible to reach agreement on all points, certainly within the time limit, and, in any event, to do so it would be necessary to water down the conclusions to a degree where they would be meaningless. In any event, whether we are

to be presented with a series of recommendations, each supported by eleven votes with one dissenting, or whether we are to get something more worthwhile, the report of the TCC will be ready by the middle of December and will come before the next meeting of the Council.

He was followed by Edwin Plowden, the U.K. Vice-Chairman of the Committee, who made an arid scholarly review of the economic problems with which the Committee had to wrestle and then, after a much needed seventh-inning stretch, came the long awaited moment and General Eisenhower appeared.

After all the build-up he had received, it would hardly be possible not to be disappointed and unfortunately most were, but General Eisenhower certainly spoke with vigour and conviction. But one felt that his remarks might have been better suited to another audience.

He declined to accept the validity of political limitations and remarked that "if we allow statements of what is politically feasible to sway us we will achieve nothing". This remark brought the reaction he, no doubt, expected and the following day Mr. Butler, Mr. Lange and Mr. Kristensen all referred to the need to recognize political difficulties. Mr. Butler said: "The General was good enough to tell us that we must surmount our own political difficulties and that I assure him we will do our best to do. To follow up again what the Defence Minister of Canada has said, politics is "l'art du possible" and we will do all that is possible within our own sphere bearing in mind what I have said that I feel certain there is not only no moral difficulty but an inspiration from what we have heard from this meeting." Mr. Lange, in referring to the political problems, spoke of the necessity of convincing those who hold the purse strings and suggested that it might be useful to have a study of the situation which could be used publicly. Mr. Kristensen was thinking along the same line and recommended a study of Soviet foreign policy.

General Eisenhower also referred to the problem of European unity which he described as his "favourite topic". He said he had come to believe that we must have a European army in order to get German strength without risk and without loss to them of self-respect. This, alongside the Schuman plan, must, in his opinion, succeed. General Eisenhower, like General Gruenther, ended on a note of confidence stressing unity as the great asset next to troops.

The next day, as I have mentioned, there was some discussion on General Eisenhower's remarks. The Council then turned to consideration of the item on German participation in Western defence. The Chairman reviewed the question up to the Ottawa meeting and then Mr. Schuman reported on the Paris discussions. There has evidently been some considerable progress and Mr. Schuman, on the whole, drew an encouraging picture although it appeared later, from remarks by Mr. Stikker, that such important points as the composition of the supreme authority, its relationship with the Council of Ministers, in fact the relationship of the EDC with NATO, as well as the financial consequences of the arrangement were still far from settled. In fact, some of them had not even been considered.

Mr. Schuman had stated that the conference had never lost sight of the fact that the European defence force was destined to be an integral part of the NATO defence force and that, in consequence, a close and constant liaison with SHAPE

was being maintained, and, on the other hand, the Council of Deputies was regularly kept informed. After describing in detail the contemplated military structure he said that on the present timetable if the necessary legislation in Germany should come into force on the 1st of April, 1952, the twelve basic units which are actually foreseen would be ready for use on the 1st of April, 1954.

He said that in the political sphere the technical committees of the conference were exploring the problems of the composition and powers of the various bodies necessary to establish the functional equilibrium of the Organization. He gave no details, however, nor any regarding the association with NATO.

He ended by stating that neither the reconstruction of the Wehrmacht nor the neutralization of Germany was possible. In the existing international circumstances only the integration of Germany into Europe, according to the conditions foreseen in Washington last September, would constitute a durable solution and he expressed again his conviction that with the good faith of all participants it would be possible, within a few weeks, to bring the project to a complete and effective conclusion.

Mr. Acheson then discussed the tripartite talks with Germany on contractual relations. He described the agreement on general relations, including a charter of an arbitration tribunal which had been agreed in Paris on the 22nd November and the four related specific agreements which were still under discussion. They are: an agreement on Acts and certain interests of the Three Powers and the transfer of certain responsibilities to the Federal Republic; an agreement on the status of foreign forces stationed in the Federal Republic and their protection; an agreement on logistical and financial support; and an agreement on security safe-guards.

Mr. Acheson explained that in the discussions it became clear that a peace settlement for the whole of Germany was an essential aim of the common policy of the Occupying Powers and the Federal Republic and that the final determination of the boundaries of Germany must await such a settlement.

In regard to the arbitration tribunal he described the preoccupation of the German Chancellor, that there should be some international body or forum to which Germany could appeal if the state of emergency declared by the Occupying Powers under the Agreement were continued beyond a period which seemed reasonable to the Germans. Although it seems most unlikely that such a situation would arise, it was concluded that the North Atlantic Council would be the appropriate body since it is the agency dealing with security matters in Europe. Mr. Acheson was most encouraging in his hope that all the agreements could be accepted in final form before the end of the year and he joined General Eisenhower in exhorting all concerned with the European defence community to speed it along to a successful conclusion by about that same time.

To this end he presented a draft American resolution which, together with a Benelux resolution, was turned over to the Deputies for consolidation. Mr. Stikker, who followed Mr. Acheson, introduced the second resolution which called for the participation in the European defence community of all free countries in Western Europe. In presenting this resolution Mr. Stikker said that these would comprise "in any case, Great Britain and our Scandinavian allies".

He spoke briefly, also, of the disagreement which exists concerning the financial consequences of a European defence community and his remarks revealed that the Netherlands were having second thoughts about the EDC.

When he presented this resolution, Mr. Stikker referred particularly to the delicacy of the problems it raised and wondered whether it would not be possible to have them discussed in a more restricted Council. This point is one which came up several times during the meeting and there is no doubt a considerable body of opinion which would favour limiting the attendance which has now grown to about three hundred and thus destroyed the intimate confidential character of the meetings of Ministers. The Council Deputies have been instructed to study this particular question and some action may be taken in this direction at the next meeting.[79]

13e PARTIE/PART 13

LES BASES DE L'AVIATION ROYALE DU CANADA EN FRANCE
ROYAL CANADIAN AIR FORCE BASES IN FRANCE

513. DEA/50030-AH-1-40

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

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM 543 Ottawa, December 29, 1951

SECRET. IMPORTANT.

Repeat London No. 2310.

1. Canada has been requested by SHAPE to enter into negotiations with the Government of France for the development of the airfield at Faulquemont for occupation by the Royal Canadian Air Force by September 1, 1952. A formal invitation† has been forwarded to Canada and to France through their respective National Military Representatives at SHAPE, requesting the two countries to commence negotiations and to advise SHAPE when such negotiations are to begin in order that a representative of that Headquarters may assist. (The text is in the hands of the Canadian Military Representative at SHAPE).

2. Although it had been intended originally that airfield and operating facilities up to the minimum agreed standards would be constructed by the host country through arrangements to be made by SHAPE (bilateral negotiations between countries being required only for personnel accommodation and facilities over and above the agreed minimum standards and for the eventual admission of Royal Canadian Air Force units to the field), SHAPE has now indicated that it will not be able to carry out the basic negotiations at this time (see section 1 of AC/4-R/27 for

[79] Ce projet n'a pas été envoyé./This draft was not sent.

the original understanding and SHAPE/LOG/1-121/51; LOG 6100 for the position taken later by SHAPE).

3. Accordingly, you are requested to address a note immediately to the French Government along the lines indicated below.

Outline of Communication to the French Government

(1) In accordance with the invitation received from SHAPE, the Canadian Government is desirous of entering into negotiations with the French Government on the following matters relating to an airfield in France intended for occupancy by units of the Royal Canadian Air Force as part of the infrastructure programme covered by the agreement reached at the Seventh Session of the North Atlantic Council (document D-D(51)248)†

(a) Agreement by the French Government to receive representatives of the Canadian Government and to develop with them and with SHAPE mutually acceptable arrangements concerning the rate and technical details of construction on the airfield to be occupied by units of the Royal Canadian Air Force, in accordance with paragraph 6 of document D-D(51)290.†

(b) Confirmation that the site in the vicinity of Faulquemont recommended by SHAPE, as reported in SHAPE's telegram SHAPTO 168† (copy available with Canadian Military Representative to SHAPE), is suitable for the Royal Canadian Air Force and that the French Government is prepared to make it available within the NATO infrastructure programme.

(c) Provision of the airfield, operating facilities and basic utilities required at the approved site up to the agreed minimum standards established by SHAPE and the Standing Group on the financial terms specified in documents D-D(51)248 and D-D(51)290.

(d) Arrangements for the construction of any other operational facilities at this field required by the Royal Canadian Air Force over and above those approved by SHAPE and the Standing Group as minimum standards.

(e) Arrangements for the construction of personnel accommodation at this site in accordance with specifications acceptable to the Royal Canadian Air Force and to SHAPE.

(2) These negotiations are proposed by the Canadian Government in order to facilitate the early conclusion of a part of the infrastructure programme essential to the defence plans undertaken by the North Atlantic Treaty Organization. In view of this fact, the Canadian Government considers that, as far as these negotiations concern the provision of land and facilities up to the minimum standards required by SHAPE for operational purposes, the Canadian Government is acting for NATO in its dealings with the French Government.

(3) In view of the fact that the first units of the Royal Canadian Air Force are expected to be ready to occupy the selected site by September 1, 1952, it is the desire of the Canadian Government that these negotiations should commence as soon as possible.

(4) It is also the view of the Canadian Government that a representative of SHAPE might be associated with these negotiations when matters of concern to

SHAPE are under discussion and that the French and Canadian Governments should extend an invitation to SHAPE to be represented on those occasions.

(5) To the extent that arrangements, supplementary to the Agreement between the Parties to the North Atlantic Treaty regarding the Status of their Forces, may be required eventually to govern the entry of Royal Canadian Air Force units into France and their occupancy of the approved airfield, it is suggested that any necessary negotiations on this subject might take place at a later stage. (End of outline of communication to the French Government).

Negotiating Background

4. As indicated in paragraph 3(2) above, the Government regards these negotiations as being undertaken in behalf of NATO, and considers that this point should be made clear in the terms of the agreement that will be necessary between Canada and France regarding the airfield.

5. With regard to point (1)(a), the principle of the admissibility of Canadian personnel for inspection of the site and for consultation with the French authorities regarding work on the airfield would appear to be established in paragraph 6 of D-D(51)290. It would seem desirable, however, to reach a rather more detailed understanding with the French Government concerning the role of Canadian personnel in examining the site initially, in laying down precise specifications for the construction of the field within the broad performance or operational standards specified by SHAPE and the Standing Group, and in establishing the specifications for any supplementary facilities and personnel accommodation required by the Royal Canadian Air Force. The preliminary negotiations should not prejudice the method of carrying out the construction, but should pave the way for detailed plans to be worked out by a team including representatives of the R.C.A.F. and of the Department of Defence Production. The airfield might be completed more quickly and at less cost if Canada, rather than France, makes the contractual arrangements direct with French contractors. Such an arrangement would facilitate under proper control the appropriate supply of Canadian materials and components such as prefabricated huts. It is desirable in the early negotiations with France not to preclude the development of such an arrangement but to leave the final settlement of this problem until the Canadian team have had an opportunity of surveying requirements and reporting to you.

6. No commitments should be made, at least at this time, to give France special concessions regarding the supply of raw materials from Canada. You may receive further instructions on this subject as the negotiations proceed.

7. Concerning point (1)(b), the present understanding is that the French and Canadian Governments should agree on the site, subject to SHAPE's approval which can probably be assumed in this case since this particular site has been recommended by SHAPE.

8. With reference to point (1)(c), the French Government is responsible for arranging to have the field and its related facilities brought up to the minimum standards. Payment of the Canadian share of the costs, as determined by the Ottawa agreement (D-D(51)248), will be made on the advice of the Committee which is to

be established pursuant to document D-D(51)290, and in accordance with the terms of payment specified in that document.

9. With regard to points (1)(d) and (e), it will be open to the Canadian negotiators to urge that these costs should be shared. Particularly since the airfield in question is one which was already in existence, it would seem fair to suggest that these additional facilities are likely to have a significant residual value to the French authorities for either military or civilian purposes and that, accordingly, they should not be unwilling to meet some part of the cost. The Canadian Government is willing to agree that the French Government should own the fixed installations, including accommodation, beyond minimum standards, although it might ask France to make some payment if the latter takes over and uses these fixed installations. Canada should, however, have user rights for the period that the airfield is required for the purposes of the North Atlantic Treaty.

10. The question of the responsibility for ordinary maintenance of the airfield has not been included in the subjects for negotiation since this is a matter which has not yet been discussed in more than a preliminary manner in the various NATO bodies. On earlier occasions, the French representatives have suggested that, in return for retention of ownership of the commonly financed facilities, their Government would be prepared to meet the costs of the upkeep of at least those facilities (although possibly not of the facilities financed nationally by the government whose forces are occupying the field). Since then the position has become somewhat confused and it is not completely clear whether the French authorities would be prepared to accept this obligation without further payment. During the negotiations the situation may be further clarified as a result of discussion in the NATO Infrastructure Committee, in which event it would be appropriate for the Canadian negotiators to discuss the question with the French authorities. For the present at least the Canadian Government view is that it would expect France to provide maintenance. The question of what services should be regarded as maintenance for this purpose, and of whether France should be expected actually to provide the services or merely to pay for them, should be regarded as one for discussion at a technical level if the issue should arise.

11. The question of the possible exemption from taxation by host governments of the various expenditures (whether commonly or nationally financed) associated with infrastructure is a matter at present being examined in a more general context. Accordingly, it would seem undesirable to raise the question for discussion at present unless the French Government should so wish. As matters develop, it may be found appropriate to introduce this subject into the negotiations at a later stage. It is in order, however, to inform the French Government early in the negotiations of the general view of the Canadian Government that the arrangements regarding taxation which will apply to Canadian expenditures abroad arising out of the NATO programme should be in accord in each case with the most favourable arrangements granted by the host government to any other NATO government.

12. It is suggested that you should be primarily responsible for the conduct of the negotiations with the French Government on the subjects listed above. It is

assumed that you will wish to delegate a member of your staff to participate continuously in the detailed negotiations.

13. It is intended, in agreement with Mr. Wilgress, that the interests of the Department of National Defence in these negotiations will be represented by Mr. Alex Ross as occasion may required. Mr. Wilgress will also make Mr. A.E. Ritchie available, as may be necessary, to advise on any features of the general NATO infrastructure discussions which may be relevant to these particular negotiations. On any legal questions, particularly those involving interpretations of the NATO Agreement on the Status of Armed Forces, Mr. E.A. Coté of Canada House will also be available for consultation.

14. On the military aspects of the negotiations, it is intended that the Chairman of the Canadian Joint Staff, London, who is as you know, the Canadian National Military Representative to SHAPE, will be the officer responsible for advising you and providing such assistance as you may require. He will make the necessary arrangements for the provision of Canadian technical staff, including expert representation from the Department of Defence Production, to work in Paris under your supervision. (The Department of Defence Production has engaged for this purpose Mr. Albert Deschamps, a well-known engineer and contractor of Montreal).

15. You may consider it desirable to have a meeting with all the Canadian advisers and experts mentioned above prior to the first meeting with the French representatives.

16. The Council Deputies are to be informed of the procedure Canada proposes to follow. Separate instructions are being sent to Mr. Wilgress on this point, and are being repeated to you. Please send Mr. Wilgress the exact text of the note to the French Government as soon as it has been delivered, and of course you will send me a copy and keep me fully informed of developments.

514. DEA/50030-AH-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 2319 Ottawa, December 29, 1951

SECRET

Reference: Our telegram No. 543 of December 29 to Paris.

NEGOTIATIONS WITH FRENCH GOVERNMENT CONCERNING
R.C.A.F. AIRFIELD

As indicated in paragraphs 3 (2) and 4 of our message, the Government considers that in entering these negotiations it is acting on behalf of NATO. Accordingly it has decided that the Deputies should be informed of this view.

2. It would appear to us that there are three possible methods of bringing this matter to the attention of the Deputies. As a first preference, we suggest that it might be appropriate merely to circulate to the Deputies the text of the Note to be transmitted by General Vanier to the French Government. If this course is to be followed, it will be necessary for you to consult with General Vanier as to the time, to ensure that the Note has actually been received by the French Government before being circulated in the Deputies.

3. It may be, however, that either you or General Vanier will see objections to this course. If so, you are at liberty to use either of the following methods. You might prepare a short précis of the contents of the Note, clearly indicating the particular point to which we have referred, and circulate it to the Deputies. Alternatively, you might at an early meeting merely read such a précis.

4. You will be receiving from Paris the exact text of the Note when it has been sent, and also any comments which General Vanier may wish to make as to the most appropriate manner of bringing the matter to the attention of the Deputies. You may then use your own judgment as how best to proceed.

515. DEA/50030-AH-1-40

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 3080 London, December 31, 1951

SECRET, IMMEDIATE.

Reference: Your telegrams Nos. 2310 and 2319 of December 29 (addressed to Paris as Nos. 543 and 548).
Repeat Paris No. 319.

NEGOTIATIONS WITH FRENCH GOVERNMENT CONCERNING RCAF AIRFIELD

1. The following are our immediate comments on your messages:

(a) The Special Committee on Infrastructure is to have a comprehensive discussion with representatives of SHAPE and the Standing Group on January 3 on infrastructure problems including the "scope and timing of bilateral negotiations between potential occupying and 'host' countries". In these circumstances might it not be desirable to delay submitting our note to the French Government until the results of this meeting are known?

(b) The reference in paragraph 3(2) of telegram No. 2310 to the fact that the Canadian Government regards itself "as acting for NATO in its dealing with the French Government" might require some further explanation if it is not to be misunderstood, and possibly resented, by the French authorities, who might consider that they are also in a sense representing NATO in these negotiations. The general right of NATO forces to use these fields and other multilaterally financed facilities

would seem to be established by the resolution reported in our telegram No. 3000 of December 18.† The user rights which we shall be seeking in our negotiations will presumably relate to the RCAF and will not apply to other NATO forces which might be assigned to the field at a later stage. The French may, therefore, find some difficulty in understanding precisely the sense in which we feel that we are representing NATO as a whole. It is true, of course, that we are likely to have to make a variety of arrangements which might reasonably have been considered to be the responsibility of SHAPE but that may not be regarded as entitling us to describe ourselves as representing NATO, particularly since the French authorities as well will be doing many things which SHAPE might reasonably have been expected to do in connection with the airfield. In view of the difficulty of defining the capacities, in relation to NATO, in which we and the French Government will be taking part in the negotiations, you might wish to consider whether the last sentence in paragraph 3(2) could be omitted since the rest of the note appears to give satisfactory matter-of-fact description of our functions, as we see them, in the negotiations. In order to re-emphasize the NATO character of the negotiations, particularly regarding user rights, it might be well to add the following words at the end of paragraph 3(1):

"and by the general resolution of the Council Deputies regarding the availability of infrastructure facilities to components of NAT forces (D-D51-289 Revised)"†

(c) It would seem desirable, as you suggest, that the other NATO countries should be informed of the basis on which the negotiations between ourselves and the French are to proceed, although it might be noted that the United States representatives have taken no steps to inform NATO on the negotiations which they are carrying out with the French and other European countries regarding similar infrastructure facilities. If the other NATO governments are to be informed of our negotiations it might be most satisfactory to use the special Infrastructure Committee rather than the Council Deputies for this purpose. We assume that it would also be desirable for us to consult with the French representatives here regarding any document which we might propose to circulate.

(d) In view of the confusion which has arisen in the past concerning the locations suggested by SHAPE for the various airfields, it might be well to use in our note the full description given by SHAPE. As indicated in our despatch No. 5160,† the correct description of the location of the airfield for the RCAF is "Grostenquin/Faulquemont".

516. DEA/50030-AH-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 3 Ottawa, January 2, 1952

SECRET. IMPORTANT.

Repeat Paris No. 2.
Reference: Your telegram No. 3080 of December 31, 1951.

NEGOTIATIONS WITH FRENCH GOVERNMENT FOR R.C.A.F. AIRFIELD

1. Our telegrams Nos. 2310 and 2319 of December 29 were based on a decision reached by Cabinet Defence Committee. In the Government's view it is important that Canada should not appear through these negotiations to be undertaking in its own right and as an individual North American nation a programme of construction of airfields and, in more general terms, of the development of military installations in Europe, which might indicate an intention on the part of Canada to maintain forces in Europe indefinitely. The reference in paragraph 3 (2) of telegram 2310 to the effect that the Government regards itself "as acting for NATO in its dealings with the French Government" is an expression of this position. It is not, however, intended that this phrase should be taken to carry any very specific legal significance.

2. We should, of course, have no objection if the French authorities wished to go on record as stating their view that France is also representing NATO in these negotiations.

3. With regard to informing the Deputies, we are prepared to accept your view that the infrastructure committee might be the appropriate body. The main consideration is that other governments should be informed in general about the steps being taken. We approve your suggestion that you consult with the French representatives in London regarding the transmission of this information, and we hope that you may be able to explain to them the reasons for which we are taking this action.

4. We approve your suggestions that (a) the airfield should be described as "Grostenquin-Faulquemont", and (b) there should be added at the end of para. 3 (1) of the Note to the French Government the following words "and by the general resolution of the Council Deputies regarding the availability of infrastructure facilities to components of NAT forces (D-D(51)289—Revised)."

5. With regard to your inquiry whether presentation of the Note might not be delayed until after discussions in the Infrastructure Committee on January 3, we would have no objection, provided that the discussions referred to are completed reasonably promptly. We should not like the negotiations with the French Government to be unduly delayed since it will be necessary to complete negotiations at a

reasonably early date if the airfield is to be constructed in time for occupation next autumn. It may be, of course, that General Vanier has already presented the Note, and if so, I should think that no great harm will have been done. Please consult him directly about the timing of presentation of the Note and inform us accordingly.

CHAPITRE VI/CHAPTER VI
RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1
RÉUNION DES PREMIERS MINISTRES DU COMMONWEALTH, LONDRES, 4-12 JANVIER 1951
COMMONWEALTH PRIME MINISTERS' MEETING, LONDON, JANUARY 4-12, 1951

517. DEA/50085-40

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], November 21, 1950

MEETING OF COMMONWEALTH PRIME MINISTERS
LONDON, JANUARY 1951[1]

AGENDA

Mr. Attlee suggested that, in the announcement about the meeting, it be said that the Prime Ministers would "discuss questions of common concern including *particularly all* aspects of the present international situation". At the Prime Minister's suggestion, the words "particularly all" were omitted since it would clearly not be possible at a ten-day meeting to discuss all aspects of the present international situation. The Prime Minister has not yet, however, made any more specific comments on the agenda and you might wish to discuss with him the desirability of his sending some message to London on the subject.

2. Mr. Attlee's "tentative suggestions" for an agenda which he put forward in his communication of October 20 are:

1. *International Situation*

(a) Russia and Communist threat to peace.

(b) United Nations measures to preserve peace.

(c) Europe.

(i) Western European and North Atlantic Treaty Organisation developments.

(ii) Germany.

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[1] Note marginale :/Marginal note:
Nehru? "hopes" to attend [A.D.P. Heeney]

(d) Middle East and defence of Africa.
(e) Asia.
(i) China
(ii) Korea
(iii) Formosa
(iv) Japan
(v) South East Asia (Indo-China, Indonesia).

2. *Defence*
(a) Implications of United Nations Organisation obligations.
(b) Role of Commonwealth countries in resisting aggression.
(c) Defence liaison arrangements.

3. I attach for your consideration a draft of a communication from the Prime Minister to Mr. Attlee. This could be transmitted through Sir Alexander Clutterbuck.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une communication du premier ministre au premier ministre du Royaume-Uni[2]

Draft Communication from Prime Minister to Prime Minister of United Kingdom[2]

TOP SECRET [Ottawa], November 21, 1950

MEETING OF COMMONWEALTH PRIME MINISTERS

AGENDA

I have already indicated to you, through Sir Alexander Clutterbuck, that in my opinion it would not be possible at the meeting of Commonwealth Prime Ministers to discuss all aspects of the present international situation and that it will be necessary to select certain aspects of the international situation for discussion.

2. In order to make a wise selection of the aspects that might most usefully be discussed, it seems to me that we should first clarify our minds on the main purpose which meetings of Commonwealth Prime Ministers can serve at the present time.

3. The Commonwealth is today a most useful bridge between Western democratic states and Asian democratic states. There exist dangerous misunderstandings today in Asian democratic states about the policies and purposes of the Western democracies. Undoubtedly we in the Western democratic states likewise misunderstand certain aspects of the policies and purposes of the Asian democratic states.

[2] Cette ébauche a été parafée par L.B. Pearson.
This draft was initialled by L.B. Pearson.

4. It would seem to me, therefore, that meetings of Commonwealth Prime Ministers would be apt to be most useful if the discussions at those meetings were to concentrate on an effort to remove such misunderstandings and if the agendas were framed with this objective in mind. The result would be that the meetings would provide us in the West with an opportunity to explain to our Asian colleagues those aspects of our policies which we have reason to believe they do not entirely understand. Similarly the Prime Ministers of the Asian members of the Commonwealth would have an opportunity to explain their respective policies to us in an effort to remove any misunderstandings which we in the West may have of them.

5. The agenda might, for example, include an exchange of views on such items as:

(1) Developments in the North Atlantic Treaty Organization and proposals for closer union of the North Atlantic Community.

(2) Developments in the Council of Europe and proposals for closer union of Western Europe.

(3) The United Action for Peace Resolution of the General Assembly and the future work of the Assembly's Collective Measures Committee.

(4) Policy towards Communist China (including questions of Korea and Formosa).

(5) Policy towards Germany.

6. From our point of view, these might cover the main questions in which the Asian members of the Commonwealth may not fully understand our motives and actions. The Asian members could, no doubt, draw up a similar list covering subjects on which they think we may not fully understand their motives and actions.

7. An incidental advantage of this approach to the agenda for the Prime Ministers' meeting would be that it would help to make clear that the purpose of the meeting is to create a better understanding by each nation of the Commonwealth of the policies of the other nations and that the purpose is not the unrealistic one of attempting to reach a common policy or to interfere with the right and duty of each member of the Commonwealth to take such action, either nationally or as a member of a regional group or of a collective security group, which it considers serves its own interests and the interests of the free world. Unless this principle is clearly established there is danger that the Commonwealth link might in time constitute an impediment to positive and fruitful international initiatives by the various member states.

8. I would hope that this principle of Commonwealth consultation would become apparent at the forthcoming meeting of Prime Ministers in a discussion, for example, of the North Atlantic Treaty Organization and of the proposals which are being made for closer union of the North Atlantic Community. The purpose, certainly, or any exposition which I might make of Canadian policy in the North Atlantic Treaty Organization would be to try to remove any doubts that may exist in the minds of the Asian Prime Ministers of our complete sincerity when we say that our objective is to preserve peace by deterring the aggressor and that our objective is not to wage war. I would also hope that the very nature of the discussion would make it clear

that, while we confidently hope that our motives and our policies are not being misunderstood, we are under an obligation to pursue these policies even though all members of the Commonwealth may not feel able to give them complete support.

9. Similarly, the United Kingdom might wish to take advantage of the opportunity to explain its policy in respect of the Council of Europe and of the proposals which are being made for closer union of Western European countries.

10. I put these suggestions before you now because of my desire that the Commonwealth Prime Ministers should reach agreement as soon as possible on the agenda for their meeting. The sooner agreement is reached and the more specific the agenda, the easier it will be for the various governments to prepare for the discussions.

11. Since India is not now, I assume, interested in the question of the King's title, I do not suggest that this question be put on the agenda. I trust, however, that the meeting of the Prime Ministers in London will provide an opportunity to discuss this question since we desire to have an appropriate title for the King in respect of Canada adopted as soon as possible.[3]

518. DEA/50085-40

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 26, 1950

PRIME MINISTERS MEETINGS; COMMONWEALTH SUPPLY BODY

The United Kingdom High Commissioner called on me Christmas Eve with a message from his Prime Minister concerning the forthcoming meetings in London. It concerned a proposal which Mr. Attlee is contemplating to set up some kind of a Commonwealth body to consult on questions of supply of mutual interest.

2. The proposal at this stage seems pretty vague. Clutterbuck said that a paper was being produced and would be available in London; as yet, however, there was nothing in writing available to him.

3. Clutterbuck described the proposed body as one which would provide a forum for discussion of problems of supply. In particular he mentioned raw materials, oil, and shipping. The body would, of course, have no powers, nor apparently is any permanent staff or secretariat contemplated. Clutterbuck said that it was undecided yet whether to propose that it should be at the ministerial level or not; if the former,

[3] Dans une conversation avec M. Pearson, le premier ministre a exprimé son « accord général » pour cette ébauche, mais il a refusé de faire des observations à M. Attlee au sujet du programme.
The prime minister voiced his "general agreement" with this draft in a conversation with Pearson but declined to comment on the agenda to Attlee.
Voir/See E. Reid, "Memorandum for Mr. Feaver," November 27, 1950, DEA/50085-40.

meetings would be held from time to time but normally officials would represent their Ministers.

4. The High Commissioner said that Mr. Attlee bespoke Mr. St. Laurent's support for the proposal on the ground that Canada and the United Kingdom were "in on" all major discussions and planning. Other members of the Commonwealth (I gather the United Kingdom have in mind Australia) feel "left out", that, not being members of NATO nor involved in OEEC they cannot have the knowledge of plans which would enable them to make their own dispositions most efficiently. At the same time these Commonwealth countries allege that, in the event of war, they will be drawn in immediately. Consequently, they should have a chance to participate in some way in the basic preparations.

5. I gave Clutterbuck no reason to think that the Canadian Government would support any such proposal. I reminded him of our traditional policy in relation to central Commonwealth organs. It seemed to me that the substance of what these other Commonwealth Governments wanted could be better achieved by closer liaison between them and the "better informed" Commonwealth countries. If, on the other hand, they were more interested in the shadow, I supposed that the proposed body might have some appeal. In any event, I promised to pass on to you the U.K. Government's suggestion so as to let Clutterbuck have a reply, if possible, before the Prime Minister leaves for London at the end of this week.

6. I am sending a copy of this memorandum to Mr. St. Laurent. No doubt you will wish to discuss the matter with him so that I may be instructed what reply to give.[4]

A.D.P. H[EENEY]

519.

DEA/50085-40

Le haut-commissaire au Pakistan
au secrétaire d'État aux Affaires extérieures

High Commissioner in Pakistan
to Secretary of State for External Affairs

TELEGRAM 136

Karachi, December 29, 1950

SECRET. IMMEDIATE.

PRIME MINISTERS' CONFERENCE

I saw Prime Minister Liaquat at seven this evening. The substance of his conversation was as follows:

(a) On October 27th the Security Council was to consider Kashmir. Pakistan's case was that, as negotiations and mediation had failed and arbitration was refused by India, Security Council should lay down principles for implementation of agreed

[4] Note marginale :/Marginal note:
I had a word with the P[rime] M[inister] about this and found him strongly opposed to any such committee. L.B.P[earson].

regulations. Either the United States or the United Kingdom or both were unwilling to support a (resolution?) of that kind.

(b) There was delay and eventually a new resolution was drafted providing for appointment of a distinguished jurist to review the position. Pakistan, though not, repeat not, pleased with this resolution, was willing to accept it.

(c) Zafrulla tried to have Kashmir placed on the Security Council agenda in December. He was informed that the United States and United Kingdom thought it was an inappropriate time. Late January was suggested.

(d) Liaquat was distressed by this decision and informed Grafftey-Smith that he could not, repeat not, go to London unless either the Security Council first discussed Kashmir or Kashmir was placed on the agenda of the Prime Ministers' Conference. Mr. Attlee replied that he was not, repeat not, able to put Kashmir on the agenda but would discuss the question with Liaquat and Nehru. These informal discussions have taken place before and were of no value.

(e) Liaquat therefore replied to Attlee that he considered it would be useless for him to go this week. Just before I saw Liaquat, Grafftey-Smith had given him Attlee's latest message to the effect that Attlee's view was that it is too late to put Kashmir on the agenda as the Prime Ministers were now leaving for London.

2. I then asked Liaquat if these remarks meant he was definitely not going to London. His reply was "I am not, repeat not, going as yet".

3. Liaquat stressed that he could make no contribution to the Conference with Kashmir not solved, as well as his political difficulties here. He ended the interview by saying that he would be very interested in having Mr. St. Laurent's views.

520. DEA/50015-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

TELEGRAM 98 Ottawa, December 30, 1950

SECRET. IMMEDIATE.

Your telegram No. 136 of December 29. Prime Ministers' Conference. Following from Prime Minister for transmission to Prime Minister Liaquat. Begins.

2. I appreciate Prime Minister Liaquat's position but feel that it would be preferable that he come to London even if Kashmir difficulty is not on the agenda of the full conference. It could certainly be discussed at informal meetings in which we will be glad to participate if that is agreeable to the interested parties. Ends.

521. DEA/50085-40

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 2015 Ottawa, December 30, 1950

SECRET. IMPORTANT.

Your telegram No. 2549 of December 29.† Meeting of Commonwealth Prime Ministers.

2. Following from the Under-Secretary, Begins: The Prime Minister will not have an opportunity before leaving Ottawa to consider carefully the various suggestions made by United Kingdom officials for conduct of the Prime Ministers' meetings. However, Mr. Pearson has had a word with Mr. St. Laurent this morning and you can speak to Liesching and perhaps Brook, along the lines indicated below.

3. We agree it is desirable to restrict rigidly the number of those attending the sessions, (though we are hardly impressed by the proposed application to themselves of the United Kingdom's "self-denying ordinance.") We suggest that at all sessions there be up to two places at the table for each delegation and up to two seats behind for the principal advisers, (some delegations may not need four seats.) The seats for each delegation would be allocated by each Prime Minister. (We shall need two seats at the table since it is hoped that Mr. Pearson will be able to attend from about January 8 on, if the situation is such that he can leave New York.) The two United Kingdom representatives who would sit at the table would, of course, be in addition to Mr. Attlee who would have a seat as Chairman of the meeting and to Brook who would have a seat as Secretary General. It would not seem necessary for the précis writers to have seats at the table.

4. A related question is the order of seating at the conference table. There would seem to us to be no reason why the order of seating should not be in the alphabetical order of the names of countries represented.

5. At the Colombo meeting a break was made with the old order of speaking under which, on each item of the agenda, the representatives spoke in the old order of precedence of their country. Instead, at Colombo, the order of speaking varied according to the item on the agenda. We would hope that this useful innovation made at Colombo will be given effect to at the London meeting. On some of the items it might be desirable, for example, that Mr. Nehru should speak first.

6. Since Pakistan has asked to have Kashmir discussed at the Conference and Pakistan is a party at interest in the dispute, we feel that their request can hardly be denied. Kashmir has been discussed by Commonwealth countries in public at many meetings of the United Nations. It would therefore be difficult to persuade Pakistan why it should not be discussed in private at a Commonwealth meeting. You may know that Mr. Liaquat Ali has said that he will not attend if Kashmir is not included.

7. We are surprised by the suggestion that a discussion of the Middle East and the defence of Africa would necessarily give rise to a delicate situation for India and Pakistan because their Prime Ministers are committed not to enter into arrangements for defence pacts. Surely the understanding on which all Commonwealth discussions take place is that they do not involve commitments.

8. We do not understand the reference in your paragraph 6 to the "higher direction of the war": does Liesching mean the third world war or the present lukewarm war?

9. Perhaps some of Liesching's worries about the discussions on defence arise out of an assumption that it will be necessary for the Conference to agree on the usual communiqué. The drafting of these communiqués has in the past caused much more trouble than the resulting document was worth. It might be worth exploring whether on this occasion there might be no final communiqué, and in its place there be substituted a final public meeting of the Conference at which each Prime Minister would have an opportunity to make a public statement on what he considered to be the accomplishments of the Conference.

10. Clutterbuck has told us that the United Kingdom are contemplating a proposal to set up some kind of Commonwealth body on defence supply; Mr. Attlee has requested Mr. St. Laurent's support on this which is evidently designed to placate Australia. We have told Clutterbuck that the United Kingdom cannot expect our support for such a proposal. Ends.

522. DEA/50015-40

Le haut-commissaire au Pakistan
au secrétaire d'État aux Affaires extérieures

High Commissioner in Pakistan
to Secretary of State for External Affairs

TELEGRAM 139 Karachi, December 31, 1950

SECRET. IMMEDIATE.

Your telegram No. 98 of December 30th. Prime Ministers' Conference.

1. I saw Liaquat at noon today and gave him the substance of Mr. St. Laurent's message. Liaquat asked me to thank St. Laurent, for his helpful message. He said he now has assurances that St. Laurent, Attlee and Menzies are willing to participate in the Kashmir discussions. He is to see Holland tonight.

2. If Holland is also agreeable to Kashmir discussions, would Liaquat then, I asked, decide to go to London. He replied that a Cabinet meeting will be held tomorrow morning when a final decision will be taken. He has provisionally booked passage on January 2nd.

3. Liaquat gave me the impression that he will decide to attend the Conference unless Nehru refuses to participate in Kashmir discussion.

4. I asked Liaquat if St. Laurent's message was as helpful as he expected. First he said yes and then qualified his approval somewhat by saying that the interest of St.

Laurent and the other Prime Ministers in this problem seemed more passive than active. He thinks the Commonwealth Prime Ministers should take the initiative in discussing Kashmir because it is an urgent problem. He has the impression that they are only discussing it because of pressure from Pakistan. He then repeated what he has often said before namely that as long as Kashmir issue is unsolved Pakistan cannot make effective plans for containing Communists and cannot give help if war begins.

5. The newspapers carry reports this morning that Liaquat has postponed his trip to London pending some assurance that Kashmir issue will be discussed.

523. DEA/50015-40

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 18 Ottawa, January 3, 1951

SECRET

Repeat Karachi No. 2.
Following for Norman Robertson from Heeney, Begins: Johnson has kept us fully and promptly informed about the attitude of Liaquat Ali Khan concerning discussion of Kashmir at Prime Ministers' meetings. My immediately following telegram contains the text of Johnson's latest message.[5]

2. This morning Latif, Acting High Commissioner for Pakistan, called on me to express the serious concern of his government and to emphasize his Prime Minister's determination that the Kashmir issue should be faced in London around a table. The Pakistanis feel that in present circumstances Commonwealth countries all have an almost equal interest in the solution of this problem which cripples the capacity of two members of the Commonwealth to assist in stemming the Communist tide.

3. Latif was concerned at a statement attributed to Mr. St. Laurent in Canadian Press story from London this morning to the effect that "there should never be any attempt to force one particular item on the agenda".[6] I said that I felt sure that anything Mr. St. Laurent had said was not intended to preclude effective discussion of the Kashmir problem in London. Indeed, Mr. St. Laurent had expressed his willingness to participate.

4. I have spoken to Mr. Pearson on the telephone this afternoon. He hopes that it will be possible for the Prime Ministers to discuss Kashmir in such a way as to meet Mr. Liaquat Ali Khan's minimum requirements.

[5] Voir le document 522./See Document 522.
[6] Voir/See *Montreal Gazette*, January 3, 1951.

5. We would be grateful if you would keep us abreast of developments in London on this matter. Ends.

524. DEA/50015-40

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 17 London, January 4, 1951

RESTRICTED. IMPORTANT.

At opening session of Commonwealth Prime Ministers Meeting this morning. Mr. Attlee read a telegram from Liaquat Ali Khan informing him that he was not prepared to come to the meeting since, under present conditions, he could not make any useful contribution. Mr. Attlee said that this was extremely regrettable and that it was a great loss to the meeting.

Later on, Mr. Menzies referred to Mr. Liaquat's absence as a calamity and hoped that some way could be found whereby the meeting could convince the Prime Minister of Pakistan to come. He then suggested that the meeting send a message saying that informal discussions on Kashmir would be held by those countries wishing to participate. On the basis of this suggestion, Gordon Walker prepared draft which was read to the meeting and which was accepted with alterations suggested by Mr. Nehru and Mr. Menzies.

The text† will be sent to you later on. The contents of it are that the meeting regrets the absence of the Prime Minister of Pakistan, endorses the idea that informal discussions be held about Kashmir and that several Prime Ministers, including the Prime Minister of India, have indicated their willingness to take part in such informal discussions.

During the discussion, Mr. St. Laurent pointed out that he was sure all Commonwealth representatives were desirous to do something which would be helpful but, at the same time, that they should avoid giving the impression that any one of them was attempting to exercise some influence in internal problems of one or more of the countries represented at the meeting. He suggested that no impression should be given that a "super-state examination" of the problem of Kashmir would be made by the meeting.

525. DEA/50085-40

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 25 London, January 4, 1951

SECRET

Opening session of Commonwealth Prime Ministers meeting was held this morning.

After having disposed of item referred to in my telegram No. 17, Mr. Attlee referred to the gravity of the world situation and expressed the hope that this meeting would contribute towards the settlement of some of the problems with which the world was faced.

He emphasized the gravity of the situation in the Far East, and in order of probabilities, saw eventual complications arising in Indo-China, Burma, Malaya and Indonesia, which, if they materialized, would engulf the whole area.

He referred at length to his conversations with President Truman in Washington and did not attempt to minimize the differences between United Kingdom and United States policies, particularly as regards to China. He warned his colleagues that there was a danger of being drawn in an all-out war with China and that "this would be disastrous, since it would give a free hand to Russia in Europe". He added that he did not believe in a limited war and that a limited war soon became unlimited. His suggestions were that, at one point, in order to avoid war, one has to negotiate.

In concluding his general remarks, Mr. Attlee said that this conference of Commonwealth Prime Ministers did not supersede the United Nations; it could be but beneficial to it because of the influence and experience of those members gathered in London to discuss world problems.

Mr. Attlee was succeeded by Mr. Nehru, whose opening remarks were to the effect that the Far East was now the real danger from which war could spread. He laid great emphasis on the fact that "Chinese reality" should be recognized by all. China was a great power and those who ignored that reality would suffer in the end. He emphasized the complete change in the balance of power which the resurgence of China as a united State had created. He warned his colleagues that he did not see how this new China could ever be defeated in a war. He added that, as far as he was concerned, the extent of Communist Russia's influence in China except in a philosophical sense made little difference and that China, whether Communist or not, should still be considered a great power.

His conclusion was that China was not and could never become a satellite. To illustrate the influence that his own country had with the Chinese regime at this present time, he read the text of a telegram, he had received from the Indian

Ambassador in Peking to whom the Foreign Minister of China had expressed the hope that Mr. Nehru's "deliberations in London will ensure peace in Asia".

Mr. Nehru then made a rather unveiled attack on United States policy in the Far East. He said that his country and all other Far Eastern countries wished to cooperate with the United States but that they realized that the methods the United States were adopting were completely wrong and that this placed the whole of Asia in a most difficult dilemma.

He then turned to the United Nations and said that many of the United Nations' approaches to world problems recently have been more of a warlike than a peace-like nature. More specifically he said that "the moment you named China an aggressor, this would lead you very close to a general war".

Prime Minister Nehru concluded his remarks with his usual theme that, although it might be necessary further to re-arm, the democratic countries should not be led into a position whereby, because of heavy expenditures in armaments, little, if any, social progress could be made. In his view this would defeat the very end for which the democracy would be fighting. He gave as an example the fact that the military expenditures in his own country were being cut by 15 per cent. Although he did not elaborate on this particular point, the whole tenor of his remarks was based on this conception.

Mr. St-Laurent speaking immediately after Mr. Nehru, established a distinction between the two different aspects of what, at times, is considered as the same problem: Communistic expansion and legitimate Nationalist developments in the Far East. He underlined the fact that we should not be looking at those two aspects as if they were one. He pointed out that we all wanted to conserve the best possible relations between East and West based on mutual respect and, as far as the West was concerned, devoid of any military, economic or political imperialism.

Mr. St-Laurent agreed with Mr. Nehru that the emergence of the new China had created an important change in the balance of power in the East and that great importance should be attached to this new development. Within the context, he would welcome the views of Asian members of the Commonwealth.

Indirectly answering Mr. Nehru's attack on the United States, Mr. St-Laurent said that in Canada it was felt that there were new hopes for the United Nations following the decision taken on Korea, that new developments had arisen since which deserved careful consideration and that very careful consideration indeed should be given to the next move to be taken by the United Kingdom. He emphasized the fact that there was aggression in Korea, whether one wished to ignore it or not, and that while he hoped that there would not be an early necessity to brand China as an aggressor, he was sure all his colleagues would realize that it would not be possible ever to brand the United Nations forces in Korea as aggressors. He expressed the wish that negotiations might be possible with those responsible for the war in Korea and that the Commonwealth could give some assistance to the United Nations in this respect.

The last speaker at this morning's meeting was the new Prime Minister of New Zealand, Mr. Holland, whose inexperience at such gatherings was patent from the beginning. After the series of usual references to the "British family" and other

remarks in the same vein, Mr. Holland gave the concrete suggestion that the meeting of Prime Ministers should delegate some of its members to the United States on a goodwill tour. He said that, were the meeting to accept his suggestion, he would gladly volunteer to go to the United States himself. Mr. Holland's views leading to this suggestion were a not-too-happy defence of the United States foreign policy. He pointed out that the great danger was that division might come between the "British family of nations" and the United States.

He was the last speaker on the list and it is hoped that he will be the last speaker on his proposal.

526. DEA/50015-40

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 27 London, January 5, 1951

TOP SECRET

Following message was received last night by the Prime Minister from our High Commissioner in Karachi, Begins: I saw Mr. Liaquat for ten minutes last night at dinner and asked him two questions.

2. First question: "Are you still anxious to go to the conference?". He replied, "Yes, I am keen to go".

3. Second question: "What kind of a message from Mr. Attlee would enable you to go?". He replied as follows: "I would go if Mr. Attlee sent me a message to the effect that he and all the other Prime Ministers are ready to participate in informal discussions about Kashmir with Mr. Nehru and me and that Mr. Nehru is also agreeable. I do not insist that South African and Southern Rhodesian representatives take part but I would like them to participate unless they object".

4. Is it not possible to send Mr. Liaquat a message along these lines?

5. The Prime Minister confirmed that he expects to issue a statement about 4 p.m. Karachi time today explaining why he is not going to the conference. Ends.

II. Our immediately following telegram contains text of the Prime Minister's reply to Johnson, sent to him through Commonwealth Relations Office and the United Kingdom High Commissioner in Karachi.

527. DEA/50015-40

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 28 London, January 5, 1951

TOP SECRET. IMPORTANT.

Reference our immediately preceding telegram No. 27.
Following is text of message sent by the Prime Minister to Mr. Johnson in Karachi. Text begins: Your message was communicated to Prime Ministers' meeting this morning. No reply has yet been received from Mr. Liaquat Ali Khan to message which Mr. Attlee sent him yesterday after a full discussion with other Prime Ministers here.

2. It seems to us here that this message fully met Mr. Liaquat Ali Khan's conditions for coming. Mr. Nehru has expressed his readiness to discuss the Kashmir problem informally with Mr. Liaquat Ali Khan and with other Commonwealth Prime Ministers. Mr. Attlee, Mr. Menzies, Mr. Holland and I have all intimated our willingness to take part in such a discussion. Mr. Senanayake said he would be ready to take part if both parties wished him to do so. Mr. Donges of South Africa has not refused to take part provided both parties agreed but has indicated, quite sensibly, that he doubted whether in all the circumstances the presence of a representative of South Africa was likely to improve the chances of agreement being reached between India and Pakistan.

3. No further message will be sent by Mr. Attlee as chairman pending receipt of a reply from Mr. Liaquat Ali Khan but it was felt that if other Commonwealth representatives in Karachi were put in possession of foregoing appreciation of the position as it looks from London they might help to clear up any possible misunderstanding which may be delaying Liaquat's reply.

4. I have no objection to your letting Mr. Liaquat Ali Khan know the substance of this message. Text ends.

528. DEA/50085-40

Extrait d'un télégramme du haut-commissaire au Royaume-Uni au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 48 London, January 6, 1951

SECRET

1. Before the discussion began at the Prime Ministers meeting, yesterday morning there was a brief review of the question of the attendance of the Prime Minister of Pakistan and some suggestion that a further message might be sent indicating precisely which Prime Ministers would attend any informal discussions about Kashmir. Mr. St. Laurent read a telegram from our High Commissioner indicating that information as to which Prime Ministers would attend would probably decide the issue. It was felt that no further message should go from the meeting but that individual Prime Ministers might send clarifications through their High Commissioners. Mr. St. Laurent accordingly sent a message to Mr. Johnson.[7]

...

529. DEA/50085-40

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 49 London, January 6, 1951

SECRET

My telegram No. 48.

Yesterday afternoon's meeting was also taken with matters relating to China, i.e. possible settlement in Korea, Formosa and representation of China at United Nations.

The general tenor of discussions was that no precipitate action should be taken in Security Council at this time.

Mr. Menzies suggested that an approach be made to United States Government on behalf of meeting of Commonwealth Prime Ministers to effect that any decision be postponed for the time being so as to give the meeting in London time for further consideration.

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[7] Voir le document 527./See Document 527.
M. Liaquat a accepté d'assister à la réunion des premiers ministres le 6 janvier.
Liaquat agreed to attend the Prime Ministers' meeting on January 6.

Mr. St-Laurent agreed that delay was advisable but did not favour idea of joint message to President of United States. He thought it important to avoid any action which might suggest a division of opinion between Commonwealth and United States. Moreover he thought it would be inexpedient to suggest that United Nations action should be held up pending consideration by a meeting of Commonwealth Prime Ministers. He reminded meeting that a Committee of Three was at present formulating a series of principles relating to Korea which were to be put before Security Council as a basis for discussion. He thought it might be advantageous if each of the Commonwealth countries made known, through their own representatives in New York and in Washington, the anxieties which they felt on the possible results of any precipitated action. Mr. Bevin supported this suggestion and recommended that each Commonwealth country invite its representatives in Washington and New York to seek means of postponing the discussion in Security Council.

Representative of South Africa took a similar line to that of Mr. St-Laurent and agreed that each country should separately press for additional time for consideration.

The meeting was about to adjourn rather inconclusively when the "principles" of the Cease-Fire Committee arrived and revived the issue.[8]

The general view of the meeting was that it would be unwise to be committed to those principles without further reflection and comparison between them and the proposals put forward by Mr. Bevin. It was then agreed to instruct Commonwealth representatives in Washington and New York to seek to delay further discussion on Korea by the Security Council for at least a week. I am sending you in my immediately following telegram the proposals put forward by the Foreign Secretary. It should be pointed out that these proposals have not been fully discussed by the meeting nor have they been approved. Concurrently with the "principles" of the Cease-Fire Committee, they are to be studied further at the next meeting on Monday afternoon.

The question of recognition of China was also discussed at great length during the meeting.

Mr. Menzies, on behalf of Australia, said that he was in "a yielding mood".

Dr. Donges said that South Africa could not at the moment agree to the recognition of the Chinese Peoples Government or their representation in the United Nations.

Mr. St-Laurent suggested that apart from any question of rights, it might well be expedient to admit the Chinese Peoples Government to the United Nations if this meant that they would accept the obligations of the Charter to help to preserve world peace.

Mr. Nehru supported this point of view and added that the sooner the admittance was made, and the more gracefully, the better would be the results.

The discussion on Formosa was inconclusive. A further discussion is to be held Monday.

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[8] Voir le document 24/See Document 24.

530. 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 50 London, January 6, 1951

SECRET

Repeat Permdel No. 35.
My immediately preceding telegram No. 49.
Following is text of United Kingdom memorandum on Korea and the Far East which was circulated to Commonwealth Prime Ministers, Begins: Memorandum by the United Kingdom Government.

1. Outline of general policy:

(1) Reaffirmation of intention to abide by the principles of the Charter.

(2) Intention to support United Nations action in Korea in resistance to aggression.

(3) Desire to prevent an extension of the conflict outside Korea.

(4) A declaration that Commonwealth Governments are ready to support efforts to bring about a free, unified and independent Korea by means of negotiation.

(5) An outline of a possible basis for negotiation.

2. Amplification of point 1 (5): Possible basis for negotiation:

I. *Korea*

(a) A cease-fire and agreement to invite China to become a member of the existing United Nations Commission, or, as an alternative, an agreement to set up a new Commission with Chinese representation.

(b) A safety belt between the two armies supervised by military observers appointed by the United Nations Commission.

(c) Simultaneous phased withdrawal of all non-Korean forces (i.e. Chinese on the one side and United Nations forces on the other), thus enlarging the safety belt.

(d) The United Nations Commission to assume responsibility for the interim civil administration of the zone, which would gradually extend to the whole of Korea.

(e) Establishment of an interim Korean civil administration under the Commission and of a Korean police force under police officers appointed by the Commission.

(f) The disarming of North and South Korean forces by the Chinese and United Nations forces as they withdraw and the formation of all-Korean police reserve armed with light weapons to which small contingents of troops would be temporarily attached from other countries although without any large contingent from any one country. This force would be responsible to the United Nations Commission.

(g) Elections supervised by the Commission to establish a unified Government of Korea to whom all powers would be transferred, followed by the withdrawal of non-Korean advisers and contingents.

II. *United Nations*

Representation of the Chinese Central People's Government in the United Nations.

III. *Formosa*

Acceptance of the Cairo declaration in principle and agreement to support a United Nations resolution setting up a United Nations Commission to study the problem of Formosa and to make recommendations for a final solution.

3. The United Kingdom Government proposes that, if the Prime Ministers think these suggestions provide a possible basis of settlement, the United Kingdom Foreign Secretary should consult the United States Government over the week-end. In doing so, he would make the following points:

(i) He would make it clear that these were ideas which had been discussed at the meeting, but that they were not necessarily to be taken as representing the considered views and policies of the Governments concerned.

(ii) It was generally felt, however, that new proposals were unlikely to be given serious consideration by the Chinese unless it were known that the United States Government had expressed its general sympathy and concurrence. For this reason, he wished to ascertain the views of the United States Government before discussing this approach further with the Prime Ministers of other Commonwealth countries. Ends.

531. DEA/50085-40

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 51 London, January 6, 1951

SECRET. MOST IMMEDIATE.

As indicated in my telegram No. 49, it was agreed at the meeting of Prime Ministers yesterday afternoon that Commonwealth representatives in Washington and New York should be instructed to seek to delay further discussion on Korea by the Security Council for at least a week. This decision was arrived at before the receipt of your telegram No. 45 of January 5th forwarding text of telegram No. 17 from Canadian Permanent Delegate to United Nations.[9]

The text which was agreed upon at the Prime Ministers meeting has already been communicated by the Foreign Office to the United Kingdom delegation in New York and is being repeated to you in my immediately following telegram.†

[9] Voir le document 23./See Document 23.

Since the Prime Minister, together with his colleagues, has agreed that an approach be made to obtain a delay of at least one week in the Security Council, it would not be possible for the Canadian Ambassador in Washington not to take similar action to that being taken by his Commonwealth colleagues. The Canadian Ambassador in Washington should therefore be instructed to approach the State Department and discuss with them advisability of obtaining delay about discussion in Security Council on line of text of my immediately following telegram. Prime Minister suggests that text also be sent to Mr. Pearson or that he be asked to obtain copy of it from United Kingdom delegation at Security Council.

The arguments put forward by Canadian Permanent Delegate in his telegram to you, No. 17, about necessity of immediate action are impressive. From this end, however, any precipitate action would lead to a most serious situation, since there is general agreement that further delay should be given to study the matter here. Both Messrs. Bevin and Menzies hope that at least they will be given until Monday afternoon, January 8th, to study the implications of the documents now submitted for their consideration. You will realize, after having compared the text of the United Kingdom's memorandum sent in my telegram No. 50 and the "principles" of the Cease-Fire Committee, that the divergence in approaches is too great for immediate and easy solution.

Mr. St-Laurent therefore suggests that, unless there are extremely compelling reasons Mr. Pearson be asked to do his utmost to withhold publication of the Cease-Fire Committee "principles". We feel confident that Mr. Nehru will be sending similar, if not stronger instructions, to Sir Benegal Rau. If, however, a situation were reached whereby the United States delegation were forced to withdraw its agreement to support any intermediate stage because of any further delay and would urge that a resolution condemning Communist China as aggressors be taken up immediately, Mr. Pearson, in such circumstances, might not wish to press the point. It should be pointed out, however, that, were this to be the case and were such action taken before the end of the Prime Ministers meetings, whatever good might have come out of these meetings by way of closer cooperation between India and the West would have received a very serious blow.

With particular reference to paragraph 3 of your telegram No. 45, we still very much hope that the United States will not proceed on a resolution condemning the Communist Chinese as aggressors until there has been consultation about the steps which would have to be taken following such a resolution.

It seems to us that nothing should be done which would make it appear that the United States were taking a stand which could not be supported by a large majority and, on the other hand, the United States will not expect support by a large majority unless those who support it know what they will be expected to do as a consequence of having supported a condemnatory resolution and unless they feel they can do what is expected of them following the adoption of such resolution.

532. DEA/50085-40

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 63 London, January 8, 1951

SECRET. MOST IMMEDIATE.

The Prime Ministers meeting this afternoon at which Mr. Liaquat Ali Khan was present for the first time continued with a discussion of the Far East.

2. Field Marshal Slim gave a very gloomy appreciation of the military situation in Korea indicating that there was evidence of a lack of will to hold the line and suggesting that evacuation might be expected within two or three months. He said this, of course, was not the American appreciation but that he thought it would be unrealistic to make plans on any other basis.

3. The Foreign Secretary indicated that attempts to postpone action to declare China an aggressor had been badly received in the United States and that Jebb had been advised not to continue to canvass for support.

4. Mr. Bevin indicated further that the United Kingdom proposals of last week should not be further considered and that there seemed nothing left to consider but the principles of the Cease Fire Committee.

5. Mr. Nehru indicated that he had reason to believe that the cease fire principles would not be acceptable in Peking.

6. Everyone was agreed that it would be disastrous to have the United States proposal proceeded with but there was general agreement that every possible effort should be made to avoid bringing Commonwealth countries into opposition to the United States.

7. Mr. St. Laurent urged that the cease fire principles or some modification of them should be brought forward at once to provide an opportunity for representations behind the scene in Washington in the direction of moderation.

8. There seemed to be rather general agreement that Clause 5 of the principles or some modification if it, if the United States would agree, might form the basis of a new approach though no conclusion was reached on this point.

9. Mr. Nehru made it clear that he did not think a cease fire would be accepted in Peking until there was agreement to negotiate on all other subjects. He was however also inclined to think there might be something in the approach on the basis of Clause 5.

10. The discussion was adjourned until tomorrow morning and it was agreed meanwhile that the Foreign Office communicate the general sense of the discussions to Washington as confidentially as possible.

11. Mr. St. Laurent warned of the danger of giving any publicity whatever to the pessimistic military appreciation.

533. DEA/50085-40

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 67 London, January 9, 1951

SECRET

A meeting at which the Asian members of the Commonwealth were not represented was held at Downing Street on Monday morning to consider the higher military direction in the event of war.

The only interesting point which emerged was that the United Kingdom Government apparently considered the possibility of excluding France from the higher strategic direction and confining it to the United Kingdom and the United States. The Prime Minister had to leave before this point was dealt with because of his luncheon with Mr. Nehru but he authorized Mr. Norman Robertson to indicate that we felt it undesirable as well as unrealistic to attempt to exclude any of the three Powers now on the NATO Standing Group and that so long as there was proper liaison, we also felt that it would be undesirable to expand the Standing Group and that it should become the organ of higher strategic direction if that was necessary.

There was also some complaint by the British Chiefs and Commonwealth Liaison Officers not being able to speak freely on so-called military matters. Needless to say, Mr. Robertson completely reserved the Canadian position on this point.

This telegram does not attempt to give a summary of the meeting itself, which will be available from the minutes.†

No report has been sent to you on the meeting of Saturday morning, January 6th, which considered the problems of the Middle East and the defence of Africa, since the minutes† of the meeting will be reaching you very shortly.

It seemed to us that the main purpose of this meeting, from the United Kingdom point of view, was to try and convince Australia, New Zealand and South Africa of the necessity of making further and more immediate contributions to the defence of the Middle East. Two fairly important suggestions were made by Mr. Shinwell in this respect;

(a) The three Commonwealth countries mentioned above might wish to consider the advisability of sending, as early as possible, token forces in the Middle East in peacetime. He thought there would be great moral and psychological advantage to this;

(b) The Defence Ministers and Chiefs of Staff of Commonwealth countries might meet in a month or two to have further discussions on the military aspects of the defence of the East. Mr. Shinwell hoped that Canada would send an observer because of the important contributions which she could make by reason of her industrial potential. You may wish to pass this information on to the Minister of National Defence.

534. DEA/50085-40

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 72 London, January 9, 1951

TOP SECRET

Following for Pearson from Robertson, Begins: At resumed discussion of the Korean problem this afternoon Bevin brought together a number of ideas which had emerged in the course of previous meetings. He suggested if these ideas proved acceptable to the United States they might form the basis of a new approach which could be introduced in the Political Committee on Thursday. A summary of these very provisional and tentative suggestions is going from Bevin to Franks tonight and will be repeated to Jebb who will send you a copy.

2. If this sort of approach appears to be feasible you and your colleagues in the Cease Fire Committee might consider making it your own either by incorporating it in substitution for what has become inappropriate in your draft statement of principles or by putting it in the form of a resolution for introduction in the Political Committee.

3. As you will see when you get Bevin's telegram the whole preoccupation of the Prime Ministers has been to find some basis on which the United States and the Peoples' Government of China might be willing and able to sit down and seek agreement on major Far Eastern issues which are threatening world peace. We realize the United States must find it difficult to accept an Assembly resolution drawn in terms designed to secure a positive and favourable response from Peking. At the same time we all feel here that nothing could be much worse than war at this time and in that place and that a pretty desperate effort to avoid it is justified. On this reading of the world situation the people taking part in these meetings feel they are warranted in asking the United States which is taking the greatest risks for peace and would be the main stay of the free peoples if war should come to think twice about rejecting a procedure which looks more likely than another to lead to the cessation of fighting in the Far East.

4. Bajpai tells me that Nehru who was unwilling to assent to Rau sponsoring the Cease-Fire Committee's draft statement would probably support both in Lake Success and in Peking the kind of policy outlined in Bevin's telegram. In this connection I should explain to you that the Indians attach particular importance to the words "in conformity with existing international obligations and the provisions of the United Nations Charter" which would define the tasks to be given the great powers of seeking a solution of the issues in the Far East which threaten peace. They have as you know maintained all along that there was no hope of getting Peking to discuss the Korean problem except in a context which would also give it an opportunity of settling the question of Formosa. The words "existing interna-

tional obligations" would presumably include the Cairo declaration and this would they hope make it possible for them to persuade the Chinese to accept such a resolution as that now under consideration. Ends.

535. 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 75 London, January 9, 1951

TOP SECRET. MOST IMMEDIATE.

Following is the text of the telegram which the Foreign Office is sending to the United Kingdom delegation in New York as a result of the discussion at this afternoon's meeting of Prime Ministers. Foreign Office have been requested to ask Mr. Jebb to pass text to Mr. Pearson in New York. You may wish to repeat it to him as well as to Mr. Wrong in Washington, Begins: This afternoon Prime Ministers continued discussion of Korean and Far Eastern questions. There was unanimous agreement that the objective is to get the United States Government and the Central People's Government of China to a conference table, and that if we are to achieve this the invitation must be so presented as to have the best prospects of securing the attendance of both.

2. We discussed at some length how the approach should be made. In general we consider that we should aim at the adoption of a resolution by the Assembly containing (as its operative part) little more than a strong request to the Governments of the United States of America, United Kingdom, U.S.S.R. and the People's Government of China to meet to consider outstanding questions in the Far East in conformity with existing international obligations and the provisions of the United Nations Charter.

3. The resolution might start by referring to Korea and to the spirit of the Iraqui-Syrian resolution of November 3rd,[10] and go on to urge that in view of the gravity of the present situation in the Far East representatives of these Powers should meet to discuss these problems and to avoid the dangers to world peace.

4. We have not worked out a form of words and are content to leave the drafting to our representatives in New York. They might for example look at the Cease Fire Committee's "principles" with a view to turning the fifth point into a resolution

[10] La résolution de l'Irak et de la Syrie demandait aux représentants des grandes puissances siégeant au Conseil de sécurité de discuter entre eux des problèmes qui risquaient de menacer la paix internationale. Elle a été finalement intégrée à la résolution sur l'union pour la paix.
The Iraqi-Syrian resolution called on representatives of the Great Powers on the Security Council to discuss amongst themselves problems likely to threaten international peace. It eventually became part of the Uniting for Peace resolution.

recommending a meeting of the Powers. Any such meeting would not, repeat not, be held in public.

5. But it is essential that we should know at once whether the United States Government would cooperate in bringing about this result. It will be recalled that in this communiqué the President and the Prime Minister announced their readiness to seek a peaceful solution of existing issues through whatever channels were open.

6. If the United States Government agree to the principles of such a resolution, then we would hope that the Cease Fire Committee could meet at once in New York to work out a draft resolution to table on Thursday when discussion is resumed. We feel that there is considerable advantage in such a resolution being tabled, under the auspices of the Cease Fire Committee though if this is not practicable we would agree to some other group, preferably including non-Commonwealth as well as Commonwealth representatives, functioning as sponsors.

7. It is important that we should know the American response to this as soon as possible. Whilst we are convinced that in the present crisis in the Far East it is imperative that talks should take place between the Powers, we are anxious to avoid making the position of the administration more difficult and are willing to consider any suggestions which they may have to make which would render presentation of these proposals more acceptable to the American public provided that we did not jeopardize the prospects of acceptance by the Peking Government. Ends.

536. DEA/50085-40

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 82 London, January 10, 1951

SECRET

At yesterday's (Tuesday) afternoon's meeting following the discussion about Korea on which Mr. Robertson has already reported, there was a relatively short and desultory discussion on the Middle East in which our Prime Minister took no part and on which there is nothing of interest to report.

2. At this morning's meeting the subject under discussion was raw materials and supply and the Chancellor of the Exchequer outlined the developments which were taking place in Washington[11] as a result of the meeting between Mr. Attlee and Mr. Truman and explained a suggestion put forward in a paper† for some form of Commonwealth supply organization. The proposal was received warmly by Australia but with some reservation by all other Prime Ministers.

[11] Voir le document 298./See Document 298.

3. Mr. St. Laurent put forward the view that we should first look at all the existing arrangements for Commonwealth liaison on economic matters, supply, production, shipping, etc., and see if whether some of these might be expanded to meet any new needs or if any new organization was to be set up, some of these might be wound up.

4. After a good deal of discussion it was decided to have a group of officials explore this matter and make a factual report by Friday. It was suggested by South Africa that a meeting of Supply Ministers or their equivalents might be held to decide whether any further liaison organization was necessary. No decision was reached on this suggestion pending the survey by officials.

537.

DEA/4901-M-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 89

London, January 11, 1951

SECRET

Reference our telegram No. 71, January 9th.† Economic discussion at the Prime Ministers' meetings.

2. The United Kingdom draft memorandum, reported in our earlier telegram, was discussed in a preliminary manner at the Prime Ministers' meeting yesterday (Wednesday) morning. Following that discussion a working party of officials met last evening to attempt to draft conclusions for further consideration by the Prime Ministers later today or tomorrow. The text of the draft prepared by the working party is reproduced below. It will be seen that this draft is considerably less ambitious than the original United Kingdom proposal. The Working Party's draft has the merit that it avoids prejudging the precise form or functions of any necessary Commonwealth machinery in this field, at least until after the shape of the commodity bodies in Washington becomes more apparent. The following is the text of the Working Party's draft:

"The meeting agreed to recommend to their governments that the functions of the Commonwealth Liaison Committee which is already charged with consultation on economic matters of mutual interest to Commonwealth countries should be expanded and that their representatives on the committee should be authorized in particular to discuss and report on all questions of common concern having to do with the supply and production of raw materials and manufactured goods including capital equipment."

538. DEA/50085-40

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 91 London, January 11, 1951

SECRET

The meeting of yesterday afternoon, Wednesday, was devoted to a survey of Europe with particular reference to Soviet tactics and intentions and the re-armament of Western Germany.

The whole performance was rather poor and there was no serious discussion on the merit of the case for or against German re-armament. All Commonwealth representatives except Mr. Nehru, who remained on the fence, favoured some degree of German rearmament.

Most of the meeting consisted of a cross-examination of the three Chiefs of Staff by Mr. Nehru, whose main theme was that, if time is to the advantage of the west, it would seem to be folly to pose an act which might lead to open aggression, either in the Far East or in Europe. He gave as his own view that Soviet Russia could not stand idly by while the west was rearming Western Germany (and?) that this might be considered by them as an act of such a provocative nature as to lead them into what they would call a preventive war.

Mr. Bevin's presentation of the case was not too impressive; he discussed, however, the problem of a possible Franco-German rapprochement with some imagination. He thought that, if such a rapprochement were possible, it would lead to an improvement of the morale of all Western Europe. He added that the plans for economic integration with Germany were helping to dispel French fears of Germany.

He praised the leadership given by Messrs. Pleven, Moch and Schuman and ended his round-up by saying that Western Europe was the key to the whole situation "of which the testing time might be during the next two or three years".

The most interesting points of the meeting were made by the Chiefs of Staff when cross-examined by Mr. Nehru. A fair summary of their remarks will be found in the minutes† of the meeting which are being forwarded to you.

The only remarks made by Mr. St-Laurent were to the effect that the aim of the North-Atlantic Treaty powers was to achieve a position of reasonable strength from which it would be possible to work for peace and that Canada was anxious to play her proper part in this effort to deter the Soviet Union from committing aggression.

Our immediate reactions to the discussion can be summarized as follows:

(a) Western Europe, apart from its strategic importance, does not appear to be a subject of much interest for the Commonwealth as a whole;

(b) Whatever interest there is, apart from the primordial interest taken by the United Kingdom and Canada, centers around the necessity of keeping Western Europe in a mood which will make its defence possible and the Commonwealth

secure. Little concern, if any, is shown about the survival of Western Europe as a fount of western civilization;

(c) The knowledge of European problems in the Commonwealth, if yesterday's meeting is indicative, is of a scanty and, at times, biased nature.

539. DEA/4901-M-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 102 London, January 12, 1951

SECRET

Reference our telegram No. 89 of January 11th — economic discussions at the Prime Ministers' meetings.

1. The report† of the Working Party was discussed at the Prime Minister's meeting yesterday (Thursday) afternoon. Liesching, as Chairman of the Working Party, presented the report and stated that it represented the maximum upon which agreement could be secured. He indicated definitely that the United Kingdom would have preferred the setting up of a special body to consider supply questions. Menzies of Australia also was of the view that a special body should have been set up for this purpose. Donges of South Africa said that in his opinion the proposal of the Working Party was sufficient for the time being, but that later on a meeting of Supply Ministers should be convened to consider what further steps might be necessary. Nehru indicated that in his view the proposal was sufficient for the time being. This was concurred in by Holland of New Zealand, who added that the machinery might later be improved as circumstances warranted. The Prime Ministers of Ceylon, Pakistan and Southern Rhodesia agreed with the proposals of the Working Party.

2. Mr. St. Laurent in a brief intervention concurred in the proposals and stated that if later on a meeting of Supply Ministers should be convened, arrangements should be made for the ministers to be represented, since with parliament shortly to assemble it would be difficult for the Canadian Minister responsible for supply to attend a meeting in London.

3. Gordon-Walker pointed out that the implementation of the Working Party's proposals depended upon the extent to which the representatives on the Commonwealth Liaison Committee were supported by their governments by adequate instructions and full information regarding the supply position in their respective countries.

4. Mr. Attlee in summing up referred to the proposal for a meeting of Supply Ministers as being a matter for later consideration.

540. DEA/50085-40

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 103 London, January 12, 1951

SECRET

At the Thursday morning's meeting of the Prime Ministers the question of Korea was taken up immediately. Mr. Bevin indicated that there could be no agreement from the United States on any resolution without a cease fire being a condition precedent but that the United States authorities were prepared for the inclusion of the words "in conformity with existing international obligations and the provisions of the United Nations Charter".

2. While the atmosphere was much better than in previous discussions there was still some confusion about what precisely was being approved. This was largely dispelled first by the timely arrival of Mr. Pearson's telegram containing the revised text of paragraph (5) of the cease fire principles[12] and after some question about whether paragraphs (2), (3) and (4) could be dropped and the principles confined to (1) and (5), there seemed to be general agreement to let the Cease Fire Committee proceed with the document as it was.

3. Just as the meeting was about to break up Mr. Nehru however raised the point that had been made in Mr. Pearson's telegram which had not been read to the meeting but had been shown to him that he must specifically authorize Sir Benegal Rau to proceed if the principles were to be taken. When the meeting broke up for the luncheon adjournment it was not clear whether this in fact would be done and Mr. Robertson promptly communicated with Mr. Pearson to this effect.

4. After the main discussion on Korea but before the incident referred to in the last paragraph, Mr. Bevin raised some questions regarding some middle eastern problems and provoked from the Prime Minister of Pakistan a long outburst about Afghanistan and unfriendly propaganda emanating from India.

5. The afternoon session was devoted to a discussion on what might be included either in the final communiqué or a declaration of the Commonwealth principles. The discussion generally supported Mr. St. Laurent's reference to the "elephant" in his speech to the Canada Club and reached no conclusions whatever.[13]

6. The final meeting is to be held this afternoon.

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[12] Voir le document 24./See Document 24.
[13] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours*, 1951, N° 1.
See Canada, Department of External Affairs, *Statements and Speeches*, 1951, No. 1.

541. DEA/50015-40

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 132 London, January 15, 1951

SECRET. IMPORTANT.

My telegram No. 131, January 15th re Kashmir.[14]

1. We had a word tonight with Gardner of Commonwealth Relations Office who added a little background to the communiqué, although admitting that information bearing on the Prime Ministerial discussions of Kashmir was still pretty fragmentary.

2. You will be aware that the Prime Ministers (with exception of Prime Ministers of Southern Rhodesia, Ceylon, and Dr. Donges of South Africa) examined the Kashmir question on January 10th and again on January 12th. Over weekend, Prime Ministers of India, Pakistan and Australia met with Mr. Attlee at Chequers for a "Third round", but as communiqué indicates "agreement has not been reached". From the preliminary information Gardner had obtained, Liaquat had shown himself thoroughly reasonable throughout, but Mr. Nehru had given no signs whatever of a willingness to compromise, and had rejected virtually every suggestion put to him in the course of the meetings. For example, at the first meeting there had been some mention of the organization of a commonwealth force to maintain order in the area in dispute pending the completion of plebiscite arrangements. This had been rejected by Nehru on two grounds (1) that it would provoke the Russians and Chinese Communists, and (2) that the return of British i.e. United Kingdom forces to India would be misinterpreted by Indian public opinion. Nor had Nehru been impressed either by Menzies' alternative suggestion that Australian forces might be made available to do the job, or the subsequent proposal that a joint Indian Pakistan force be formed for this purpose.

3. There had also been some discussion of the nature of a possible plebiscite, and the suggestion had been aired that three simultaneous but separate plebiscites might be held (a) in the vale of Kashmir, and in the areas which are known roughly to lean (b) towards India, and (c) towards Pakistan. Nehru was said to be equally negative on this aspect, and to have taken refuge in arguments about the constitutional position and responsibilities of Sheik Abdullah. Finally there had been difficulties over the question of supervision, where again Nehru had not been prepared to accept the implications of the argument that United Nations machinery would be

[14] Pour le communiqué contenu dans le télégramme cité en référence, voir/For the communiqué contained in the referenced telegram see, *Documents and Speeches on British Commonwealth Affairs, 1931-1952*, Volume II, London, Royal Institute of International Affairs-Oxford University Press, 1953, pp. 1207, note 1.

required in order to ensure conditions which would permit a fair expression of views. In this context too, he stressed the role of the Kashmir Government.

4. In contrast to Nehru's rigid attitude, the impression is that Liaquat had seemed anxious for a solution. Gardner had seen Ikramullah today who had recounted the history of the MacNaughton and Dixon proposals and had claimed that Pakistan had been prepared to accept such proposals, but that India had been intransigent.

5. Gardner said it had been decided that the communiqué would not be on the BBC tonight but would be released tomorrow morning. He added however that both Nehru and Liaquat are planning press conferences tomorrow, and that Liaquat feels he must make a reference to the commonwealth force, if only to demonstrate his own willingness to go along with proposals discussed by the Prime Ministers and to demonstrate that the responsibility for the failure of the present discussions rests with Nehru.

542. DEA/50085-40

Évaluation de la réunion des premiers ministres du Commonwealth

Appraisal of the Commonwealth Prime Ministers' Meeting

SECRET [Ottawa], January 24, 1951

A meeting of Heads of Divisions and other External Affairs officers concerned was held on January 24 at 4 o'clock in the Conference Room. Mr. N.A. Robertson, Mr. J.W. Pickersgill and Mr. J. Léger spoke on the Meeting of Commonwealth Prime Ministers which took place in London from January 4 - 12, 1951.

INVITATION

When the invitation to hold a meeting was received from London in November 1950, first reaction and feeling in Ottawa was that there were so many demands on ministers' and officials' time that it was rather a burden to attend when no matters of outstanding importance required the calling of such a meeting. It was realized though that the meeting would provide an opportunity for the exchange of views with the new Asian members, and this in itself could make the effort worth while; also new governments were in office in Australia and New Zealand, and the meeting would provide an occasion for meeting Mr. Menzies and Mr. Holland. Mainly for these two reasons the invitation was accepted.

PERSONALITIES

United Kingdom

The United Kingdom group was a little weaker than those at former meetings. Mr. Attlee, Mr. Bevin, Mr. Shinwell and Mr. Gordon Walker attended all of the twelve sessions and Mr. Gaitskell, the Chancellor of the Exchequer, came to only one. It was the first Prime Ministers' meeting in which the Chancellor had not taken a full part. It was obvious that the United Kingdom group felt the loss of Sir Stafford Cripps as Chancellor and also as a close friend of Mr. Nehru. *Mr. Attlee* was a good chairman, making no Churchillian perorations, which though brilliant, added considerably to the length of meetings. *Mr. Bevin* was impressive in a mas-

sive, serious way, though rather heavy-handed for the company, especially those from Asian countries. *Mr. Shinwell* was not of great help to the meeting; he was amiable, benevolent and prone to thinking aloud, though his remarks were not always profound nor of great interest.

India

Mr. Nehru was an outstanding personality at the meeting and added something of his own to the weight his country carries in Commonwealth discussions. He is highly articulate, has a charming manner and great intellectual power. As a tactician, he is better than Mr. Liaquat Ali. Sympathy, at outset, was generally with Pakistan over the Kashmir issue, but, at times, Mr. Liaquat Ali spoke in a manner which alienated some sympathy.

Australia

Mr. Menzies' contribution was very impressive. He was adroit and helpful in the Kashmir discussions, taking the initiative in a way which did not antagonize anyone. His contribution to the final Declaration of Principles accepted by the Prime Ministers was something of a personal tour de force.

New Zealand

Mr. Holland was attending his first meeting and his lack of experience made it difficult for him to add much to the discussions.

South Africa

Mr. Donges, the South African Minister of the Interior, played a useful part and was a competent representative, always on the alert to protect South Africa's position which was never menaced in any way. On one point, a curiously common ground emerged between South Africa and India since neither wished to have its intra-Commonwealth disputes taken up at Commonwealth meetings.

Ceylon

Mr. Senanayake did not take an active part in the discussions, though he made clear his opinion of the United Nations, — that the less anyone had to do with it, the better!

Southern Rhodesia

Sir Godfrey Huggins was adequate in holding a watching brief for his country which has an anomalous status at Commonwealth Prime Ministers' meetings.

ORDER OF PRECEDENCE

It was the first Prime Ministers' Meeting when the formal, historical order of precedence in the seating plan around the conference table was not followed, and one reason for doing this was so that Indian, Pakistan and South African representatives would not be cheek by jowl. There was a similar departure from the formal order of discussion. Previously, the Chairman called on Prime Ministers to speak according to the "London" order of precedence, i.e. United Kingdom, Canada, Australia, New Zealand, South Africa, etc. At this meeting, Prime Ministers of countries which had a special interest in the subject were called on to speak first.

This resulted in Mr. Holland, Mr. Senanayake and Dr. Donges taking a minor part in the discussions.

TOPICS DISCUSSED

No constitutional problems were raised and there was no discussion about "reviving the Empire"; there was no tension at any time, but a mutual recognition of good faith among all members of the Commonwealth. It is thought that our working relations with India and Australia should be easier because of the meeting.

KOREA

The crisis in Korea was so serious that this subject took precedence over all others, and five of the twelve sessions, as well as parts of other sessions, were devoted to it. The Indian position was the same as at Lake Success, and the United Kingdom position was well-known. Mr. Menzies said that when his party came into office it had taken a strong stand against the recognition of Communist China, but he was now coming to the conclusion that the Chinese People's Government was in fact the Government of China and should be represented in the United Nations. Mr. Holland's and Dr. Donges' positions came closest to the United States thesis, though Mr. Holland was torn between following Mr. Menzies' thinking or adhering to the Truman policy. In the Korean discussions, one fact was plain; no one wanted quick decisions: all urged delay in the United Nations; and there was unanimity in the desire to keep on seeking a peaceful solution of the difficulties with China.

PACIFIC PACT

This subject came up incidentally during discussions of a Japanese Peace Treaty. India was not interested in any idea of a counterpart of an Atlantic Pact. Mr. Holland was more realistic than Mr. Menzies and said he realized that security depended mainly on the position taken by Washington.

COMMONWEALTH SUPPLY COUNCIL

Mr. Gaitskell made an unimpressive case for further Commonwealth consultative machinery to secure closer liaison on problems of production and problems arising from current shortages of raw materials, with the special object of safeguarding those Commonwealth countries which were not members of NATO or OEEC. Apart from the United Kingdom and Australia, there was general agreement that a Commonwealth organization, as such, was unlikely to help solve world supply problems in any significant way. When Mr. St. Laurent produced a list of "stillborn" or inactive Commonwealth committees and councils which could be eliminated, Mr. Gaitskell had to admit that he had never heard of most of them. It was finally agreed that the Prime Ministers would recommend to their respective governments that the existing Commonwealth committee for consultation on economic questions should be strengthened.

The Canadian group had some sympathy for the Australian position on this question. Canada has supply arrangements with the United States, as well as NATO and OEEC, but Australia has none. Ten or fifteen years ago our attitude was the same as Australia's, and we were then pressing for some kind of partnership or

council in which we would have a voice. Now our close diplomatic arrangements with the United Kingdom, the United States and France meet our needs, but Australia has not yet worked theirs out.

Defence Questions and the Middle East

In addition to the twelve sessions attended by all Prime Ministers, two other sessions were held, with the United Kingdom Chiefs of Staff present, to discuss the strategic position in the Middle East and the defence of Africa. The representatives of India, Pakistan and Ceylon were not at these sessions. It was not a question of excluding them; they had previously made known their position and excluded themselves. Mr. Nehru had stressed India's essentially neutral position between East and West and his general political philosophy is critical of the NATO defence arrangements, since defending one's position by force, is, he argues, a provocative measure. Mr. Liaquat Ali's position was quite different; he made it known that he could not take part in any defence discussions and Pakistan troops could not be released for defence of the Middle East until the Kashmir question was settled. His was a definite bargaining position which he would not relinquish, to induce other Commonwealth countries to assist in bringing about a solution of the Kashmir dispute. Dr. Donges took an active part in these discussions, and the South African Government under Dr. Malan was prepared to do more in the way of definite defence commitments than General Smuts had ever been allowed to do.

Mr. St. Laurent's Visit to France

The Prime Minister was given a most impressive welcome, and accorded honours equal to those given a head of state. There was a feeling of immediate sympathy and great warmth for him, as though he were one of their own.

In discussions with French Ministers, it was evident that the French attitude towards Germany had been considerably modified recently and that opposition to the creation of a German army now springs at least as much from fear of provoking Russia as from fear of a new German aggression. Mr. Schuman, the French Foreign Minister, believed that given time and peace, a Western European union could be worked out; if the United Kingdom held aloof, such a regional union would take possibly fifteen years but considerably less with the United Kingdom co-operating.

2e PARTIE/PART 2
PLAN DE COLOMBO
COLOMBO PLAN

SECTION A

RÉUNION DU COMITÉ CONSULTATIF, 12-20 FÉVRIER 1951
CONSULTATIVE COMMITTEE MEETING, FEBRUARY 12-20, 1951

543. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures
au ministre des Finances

Secretary of State for External Affairs
to Minister of Finance

SECRET Ottawa, January 17, 1951

My dear Colleague:

I know that you have continued to feel uneasy about a number of aspects of the Colombo Plan. Since I still believe that a substantial Canadian contribution would be a sensible investment in the stability of an area which in the long run, I think, is important for our own security, I should like to try in this letter, if I may, to remove some of your doubts and misgivings.

But before doing so, let me restate very briefly the reasons for my support of the Colombo Plan. Although we are still in the dark about much of Soviet strategy, its main outlines are now clear enough, I think, for us to see that we must retain some allies in Asia if we are to prevent the whole of the Eurasian land-mass from falling under Communist domination. At present, the Governments in control of India and Pakistan are our firm friends, notwithstanding their very natural efforts to avoid becoming too deeply involved in the struggle with the Soviet Union. But these new Governments are highly precarious. They need external financial assistance if they are to have a chance of making some improvement in the appallingly low standard of living of their people and so of sheltering them from the attractions of Communist propaganda. We must try, I believe, to strengthen the will and the capacity of these countries to assist in the struggle against Communist imperialism; and one of the very few ways we can do so is by showing a practical interest in their economic welfare.

You have raised the point that, although a Canadian contribution would involve real sacrifice on the part of this country, contributions by sterling area countries would have very little meaning. It is true, of course, that the bulk of the United Kingdom contribution will be in the form of releases from the sterling balances; and for that reason, it could be argued that this is not a contribution but merely the repayment of a debt. On the other hand, I think you would agree that these releases will impose very real strains on the economy of the United Kingdom and will

necessitate very real economic sacrifices, since they will make possible unrequited exports from the United Kingdom to the countries of South and South-East Asia. The United Kingdom will be exporting goods to these countries without receiving any goods in return. This is, of course, what any international debtor is obliged to do. But would it be fair to regard the accumulated sterling balances — of India, for example — as debts in the ordinary sense? As you know better than I, they were run up during the war in order to pay for military supplies and services purchased by the United Kingdom to support forces in India, the Middle East and Burma. They have, therefore, always been considered, I think, as forming a special category of indebtedness since they represent a debt incurred in the common defence.

The special nature of these debts was explicitly recognized, you will remember, in the Financial Agreement between the United States and the United Kingdom of December 6, 1945, in paragraph 10 of which it was stipulated that the United Kingdom would try to make agreements with holders of the balances whereby part would be immediately released, part would be funded on a long-term basis and part would be "adjusted", i.e., cancelled. In point of fact, of course, the United Kingdom has never been able to fulfil the intention it expressed in that Agreement. On balance, I think that we should be glad that heavy releases have been permitted from the balances since this has contributed powerfully to such stability as has been maintained in South and South-East Asia over the past five years. Nevertheless, the article of the Loan Agreement to which I have referred indicates that the United States at least did not regard the balances in 1945 as a debt in the ordinary sense. So far as I remember the opinion of Canadian financial authorities at that time, they were in full agreement with the efforts of the United States to scale down the balances and to fund much of the residue. This attitude on the part both of our Government and the United States Administration persisted at least as late as the Tripartite Economic Discussions in which you and I participated in September, 1949. You will recall that the communiqué issued after those discussions foreshadowed another attempt to liquidate the problem presented by "the existence of exceptionally large accumulations of sterling which were built up mainly during the war as the result of payments by the United Kingdom for goods and services purchased overseas in furtherance of the common war effort". By its contribution to the Colombo Plan, which is to take the form mainly of releases from the sterling balances, the United Kingdom has indicated its willingness to discharge the whole of its indebtedness and to do so at a rapid rate. In the light of the history of the problem of the sterling balances, this undertaking can properly be considered, it seems to me, as a real contribution to the economic development of South and South-East Asia.

It should also be borne in mind, I think, that although the bulk of the United Kingdom contribution will be in the form of sterling releases, a substantial, although minor, part will take the form of outright gifts to the colonies of Singapore, the Federation of Malaya, North Borneo and Sarawak. The sterling requirements of these colonies over the six-year period will be covered in their entirety by gifts from the United Kingdom. The sum involved is 61 million pounds.

So far as the Australian contribution of not less than 25 million pounds over the six-year period is concerned, it is true that with wool prices at a high level and with

Australia's sterling reserves climbing at a rapid rate, the Australians are not going to have to pull in their belts this year in order to meet their contribution to the Colombo Plan. But the time will almost certainly come in the future, as in the past, when Australia will need all her reserves of sterling; and at that time the Australian contribution to the Colombo Plan will have a very real meaning. To put the Australian contribution to the Plan for capital development in its proper perspective, it must also be remembered that Australia has already agreed to contribute 2,800,000 pounds sterling over the next three years for technical assistance in South and South-East Asia.

You have also expressed anxiety that the programme may be too small and, in particular, that the amount of external assistance which is suggested will not be enough either to arrest the gradual fall in the standard of living which is being caused by the pressure of population or to make possible the inception of an upward spiral of economic development. I agree that when set beside the $12 billion of E.C.A. funds which have already been appropriated for economic recovery in Western Europe, the $3 billion of external finance for a programme of economic development in South and South-East Asia over a six-year period seems extremely small. Certainly the programmes of individual countries, with few exceptions, have been pared to the bone.

Nevertheless, I feel that $3 billion may not be far from the proper figure. There are, of course, sharp limitations on the rate at which external capital can be absorbed by countries so poor as India and Pakistan. Indeed, their capacity to absorb outside aid is limited by the very poverty which makes the aid necessary. They have few trained technicians; and they have very limited power to raise the local currency which is necessary to meet the internal costs of the development programme. In some countries, as you will have noticed in the Report, external finance would be used in part to augment the supply of local currency. Some consumer goods, as well as capital goods, would be bought abroad with the foreign exchange provided through loans or grants or sterling releases; and the proceeds from the local sale of these consumer goods would increase the internal finance available for development purposes. If, however, it is agreed — and this is implicit throughout the Report — that the chief responsibility for development in South and South-East Asia must rest with the Governments and peoples of the countries in the area, then those Governments must raise themselves the great bulk of the local currency which will be required, and the scarcity of internal finance must impose a sharp limitation on the rate at which external capital can be absorbed. This important principle has been kept firmly in mind, I think, by the authors of the Report and especially by those who have been responsible for drawing up the country programmes. On the whole, it seems to me, that they have struck a rough, but reasonably realistic, balance between the amount of external assistance which, ideally, they might like and the amount which, in fact, they believe they will be able to make good use of over the next six years.

I feel this particularly strongly in the case of India. My opinion rests in large measure on the confidence I have in Deshmukh, who has impressed me whenever I have met him both with his shrewdness and his honesty and who, I gather, has now firm control over economic policy in India. The amount of external finance which

India is seeking was set only after he had personally examined the problem with great thoroughness; and that is an additional reason, I think, for putting considerable trust in the Indian estimate.

It is true, of course, that even if the $3 billion can be provided from external sources and if the programme is implemented in substantially the shape that is now proposed, there will not be any dramatic improvement in standards of living in South and South-East Asia. There will be, for example, an increase of only some 10% in the volume of food grains produced. That is certainly modest enough when the present poverty of the area and the likely increase in population are taken into account. Nevertheless, it will be something. There will be some visible, if slight, improvement in the standard of living. It is estimated, for example, that if the programme is carried through, it will be possible in India to provide in the rationed urban areas for cereal consumption of 16 ounces a day instead of the 12 ounces, which is the present ration.

In addition, of course, by the end of the six-year period the countries in the area will have completed important basic developments in the form of dams, irrigation works, hydro-electric installation and improved transportation systems, all of which could provide the groundwork for further development projects, many financed by private capital. I do not think it is too much to hope that, if finance can be found for the Colombo Plan and if, in spite of all the shortages caused by the heavy rearmament programme in the North Atlantic area, capital goods can be made available, at the end of the six-year period the countries of South and South-East Asia will not only have a somewhat higher standard of living than they have at the present time and so will be at least partially immune from the attractions of Communist propaganda, but will also be in a position from which a much larger programme of economic development could be undertaken without further inter-governmental finance.

On the other hand, I agree that the estimate of the amount of external finance which will be required to make a start on the process of economic development has been cut very fine. One consequence of this is that those countries which may be in a position to help, including Canada, should all do their fair share in order to see that the amount needed is fully subscribed. What our fair share would be is, no doubt, a question on which there can be honest differences of opinion. But I, myself, feel that it should not be less than $25 million per annum.

Yours sincerely,

L.B. PEARSON

544. 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

SECRET [Ottawa], January 22, 1951

COLOMBO PLAN — FINANCE

During the past few days this matter has been discussed in Washington by Deutsch and Read of the Department of Finance and Plumptre of this Department.

2. When Deutsch and LePan came back from London they were inclined to recommend that the Canadian contribution to the Colombo Plan (in addition to technical assistance) should be about $25 million a year over the six-year period. The United Kingdom had suggested $50 million a year as our share but this was considered unduly large considering the whole size of the Plan and considering possible United States participation. At that time we had formed the impression that the United States might be willing to put up something like $200 million in 1951-52 for assistance in the area covered by the Colombo Plan ($300 million for the whole of South and South-East Asia, Commonwealth and non-Commonwealth).

3. In your memorandum to Cabinet of October 24th the suggestion of the United Kingdom was mentioned and the following sentence appeared:

"It would appear however that should the United States support the programme to the extent which seems probable the Canadian participation which would be considered appropriate could hardly be less than of the order of $20 million a year."

In the Cabinet meeting of December 28th when the matter was again under discussion I understand that the Prime Minister specifically referred to the relationship that should exist between the contributions of Canada and the United States. Hence the discussions which our officials undertook in Washington during the past few days.

4. The United States attitude may be described as follows:

(a) No financial commitment can possibly be made at this time and none will be discussed at the meeting in Colombo on February 12th. The United States Executive Branch does not even know what figures it will put to Congress for external aid; and Congress is not likely to decide on firm figures for several months.

(b) It seems clear that United States aid in the Colombo Plan area will be a good deal less than the $200 million we had anticipated. However, no senior official in Washington will discuss figures.

(c) It was emphasized that commodity scarcities and not finance will be the limiting factor.

(d) Congress will insist that foreign assistance, even if it is not essentially of a defence character, must be justified in terms of the defence of the free world. This

may lead to difficulties with countries that are not willing to "take sides" between the United States and the U.S.S.R.

(e) The difficulties of extending aid to India will be particularly great for obvious political reasons. Yet under the Colombo Plan India is to receive some two-thirds of the total assistance from abroad.

(f) Despite all these difficulties, the United States will be supplying aid to South and Southeast Asia and will take part in the work of the Consultative Committee.

5. The attitude of the United States is bound to have a strong effect on our Department of Finance. We may expect immediate and renewed resistance to making any commitment and above all to making a six-year commitment. They will probably wish to delay all decisions until the outlook clarifies. They will probably emphasize that commodities are now the limiting factors and that we do not yet know either what commodities are needed from Canada under the Colombo Plan or what commodities we would be willing to make available in view of developing short supplies in this country.

6. I think you will therefore be confronted by decisions on four points:

(a) You may consider accepting the position of the Department of Finance and postponing all financial decisions until the commodity position can be clarified. There is some logic in this attitude. On the other hand it would, I think be embarrassing to the Canadian Government in its relations with other Commonwealth Governments; it would certainly be embarrassing to Mr. Johnson, our High Commissioner in Karachi, who has now been told that he will lead the Canadian delegation to the February meeting in Colombo. It would not be consistent with our full membership in the Commonwealth Consultative Committee. On the other hand, if you decide to follow this course, we can argue that all along we have pointed out the relationship between our position and that of the United States.

(b) A second choice would be to go ahead despite the change in circumstances and ask Cabinet immediately to approve a sum of $25 million for 1951/52. (You will recall that Mr. Diefenbaker in a radio broadcast recently suggested $50 million). Both Cabinet and Parliament could be given assurance that this full sum would not be spent if the commodities were not available or if for other reasons it could not be spent wisely.

(c) You might wish to consider a compromise position. You might ask Cabinet to approve a smaller amount, say $10 million for 1951-52, on the understanding that if it were all used up sympathetic consideration would be given to the approval of additional amounts. Johnson would thus be in a position to say that Canada was "open for business" but in view of the radically changed world situation and particularly of the commodity situation the Canadian Government was not sure how much money could in fact be spent. Naturally under present circumstances it would not wish to provide more than was really needed.

(d) Finally there is a question whether Cabinet should be asked even to consider financial commitments beyond 1951-52. The Colombo Plan is of course a long term development plan. On the other hand the future is so uncertain that it seems unrealistic to invite Cabinet to consider contributions so far in advance.

7. If you approve either (b) or (c) above, or something like them, I will prepare the necessary memorandum for Cabinet. However, it would obviously be most desirable if in advance of Cabinet consideration you could reach agreement between the Prime Minister, Mr. Abbott, Mr. Mayhew and yourself.[15]

A.D.P. H[EENEY]

545. DEA/11038-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures[16]

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs[16]

CONFIDENTIAL [Ottawa], January 29, 1951

COLOMBO PLAN

Deutsch has just made a proposal regarding the Canadian contribution which I think may prove most helpful. The central point in it is that Canada should immediately make a gift of wheat to India to meet the acute shortage there.

2. The Indian Government would sell the wheat in India. It could then use the proceeds for capital development under the Colombo Plan.

3. I believe that this procedure would be quite in accordance with the spirit and purposes of the Plan. It has always been recognized that part of the external assistance that India and other countries in the area receive would be spent on consumers' goods. These goods would relieve shortages there and would release men and materials for capital development who might otherwise have to be kept on the production of consumers' goods in India or other countries.

4. I asked Deutsch what figures he had in mind. He said he hoped to be able to provide $10 million to $12 million worth of wheat. This, however, would entirely depend upon the availability in Canada of wheat of suitable milling grades. He has asked Mitchell Sharp to review the position immediately in the Department of Trade and Commerce.

5. Deutsch pointed out certain aspects of the plan which he thought would probably be advantageous from Canada's point of view. He thought that there would probably be political advantages considering the present relationship between Canada and India, and also considering that Congress is in no mood to give immediate assistance to India. (It has "shelved" a recent Indian request for two million tons of grains at cut prices). Another advantage that Deutsch foresaw was in relation to the Canadian political situation. A gift of wheat might be welcomed here in quarters which would look askance at the donation of large sums of money. Further, his

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[15] Note marginale :/Marginal note:
I think that we should go ahead on (b) and fall back if necessary to c—a and b. L.B.P[earson].

[16] Note marginale :/Marginal note:
Mr. Reid, I mentioned this to the Minister. We sh[oul]d snap it up. Will UN [Division] do a memo? A.D.P.H[eeney].

plan had substantial administration advantages. Canada would not get into the position of having to approve or supervise any particular plan for capital development put forward by the Government of India. Finally, the gift could be made immediately and without waiting for a Parliamentary vote; the operations of the Wheat Board are apparently sufficiently elastic to make this possible.

6. Deutsch went on to say that he would hope to be able to make some similar arrangement for the supply of Canadian products to Pakistan. It would, however, be most difficult; they are self-sufficient in foodstuffs. Clearly they do not need Canadian wheat.

7. It is just possible that a similar arrangement might be made with Ceylon. However, thanks to high prices of rubber and other factors, Ceylon is in a very comfortable financial position at present and scarcely needs external assistance. If it was considered that Canada's contribution to the Colombo Plan ought to contain something for Ceylon an arrangement might be made that some of the rupees raised by the Indian Government from the sale of Canadian wheat might be transferred to Ceylon. Ceylon has an adverse balance of payments with India and can always use rupees.

8. Deutsch felt that Canada's contribution to the Colombo Plan certainly need not extend to other countries in addition to the three Dominions.

9. I asked Deutsch what he thought the total Canadian contribution might add up to. He replied that it could not be less than $15 million and perhaps might go as high as $25 million.

10. He said that he had put his proposals up to Dr. Clark who was "intrigued" and favourably disposed towards the approach. The matter will not be put up to Mr. Abbott unless a favourable reply is received from Trade and Commerce regarding the availability of wheat, and unless a favourable response comes from this Department particularly in regard to the political implications of the proposals.

11. I told Deutsch that my immediate reaction was very favourable. If Mr. Abbott could come forward with a suggestion along these lines there might be a resolution of difficulties and divergents that had been evident in the past. However, I said that I would have to seek guidance within the Department on the official level.

12. I suggest that we should (a) give warm support to the general proposals and (b) insist that the total amount made available should not be cut below $25 million and (c) insist that, before any arrangement with India is announced, we should at least open up discussions with Pakistan. LePan agrees with these suggestions. Do you agree?[17]

A.F.W. P[LUMPTRE][18]

[17] Note marginale :/Marginal note:
d) advise the U.K. of our intentions. [H. Moran]

[18] Note marginale :/Marginal note:
Note: Following the comment by [the] USSEA, I have spoken to Deutsch and told him that our Minister warmly approved, and also mentioned to him other points in para[graph] 12 above. A.F.W.P[lumptre]. Jan 30/51

546. DEA/11038-40

Le ministre des Finances
au secrétaire d'État aux Affaires extérieures

Minister of Finance
to Secretary of State for External Affairs

SECRET Ottawa, January 30, 1951

My dear Colleague:

I have your secret letter commenting on certain aspects of the Colombo Plan.

It is true that I had some serious doubts as to the merits and soundness of the report made by the group in London but I think it unnecessary to argue the matter in any detail at this time. I have always been prepared to admit its humanitarian aspects and the possibility that in the short run at least it might have some political effect in helping to hold South and South-East Asia out of the Communist camp (although it is not inconceivable that the long run effect might be disappointment and disillusion). Generally speaking, however, I have felt, and I made this quite clear, that we were committed by our participation in the preliminary conferences to some participation in the Plan itself. As to the amount of the participation, I wished to have it determined in connection with the Estimates when Ministers would be in a position to weigh the extent to which they were prepared to reduce expenditures in their own departments and on domestic projects in order to make possible a contribution to the Colombo programme. If my colleagues believe that opinion in Parliament and in the country will support a contribution to this Plan and are prepared to see either a corresponding reduction in their own departmental projects or a corresponding increase in taxation, I will be prepared to support any contribution that may be agreed upon.

I shall make no attempt to reply to the various points you make but will confine myself to one or two comments to clarify my own point of view. My main objection to the report was the way it glossed over the two fundamental difficulties impeding a solution of the social and economic problems of South and South-East Asia:

(1) *The problem of population*—the fact that during the next twenty years the area in question is expected to add to its population a number at least equal to the present population of the United States (a rate of growth with which the increase in production cannot possibly keep pace, and, if it does not, it will, of course, mean an inevitable decline in the standard of living); and

(2) *The Kashmir problem*—the fact that the two largest of the recipient countries are spending 60% to 65% of their total budgets in preparations primarily for fighting each other (a total amount about equal to the amount of assistance being asked from other countries).

I fear it is not too much to say that in glossing over these two problems as it does, the report is misleading — not to say dangerous.

In regard to the United Kingdom, I said that its contribution would be merely paying off a debt and carrying out a programme which it would have to carry out, whether or not there was any Colombo Plan. Australia's contribution, moreover, would not come out of its own hide but be made at the expense of the United Kingdom.

I think it is just conceivable that if the aid were on a sufficiently large scale, far larger than the $3 billion contemplated by the Plan, there might be some chance of increasing production and raising the standard of living with sufficient speed to produce a slowing down of the rate of population growth and perhaps drastic changes in ancient traditions, religions, taboos, etc. However, there is no chance of this. It is probably too much to hope that money and supplies will be in sufficient quantity to carry out even the more limited objectives of the Colombo Plan. I cannot, therefore, be as optimistic as you appear to be in regard to the impact of the Plan on living conditions in the area and their reflection in political opinion.

Yours sincerely,

D.C. ABBOTT

547. DEA/11038-40

Note

Memorandum

SECRET [Ottawa], February 1, 1951

INSTRUCTIONS TO CANADIAN DELEGATION TO MEETING IN COLOMBO, FEBRUARY 12, 1951 OF THE COMMONWEALTH CONSULTATIVE COMMITTEE ON SOUTH AND SOUTHEAST ASIA[19]

I. *General Instructions*

The Canadian Government has shown a continuing and growing interest in the work of the Consultative Committee. It approves of the general purposes of the Committee and the work it has done so far.

2. The Government has, however, been unwilling to approve the establishment of any elaborate central organization; both technical assistance and capital development funds should be provided and administered as far as possible on a bilateral basis. It is recognized that a certain amount of pooling of information and co-ordination of activities regarding external assistance in South and Southeast Asia is useful. Hence the Government was willing to agree to the establishment of the Technical Co-operation Bureau. Simple arrangements which promote the same purposes in connection with the capital assistance may be supported.

3. The Delegation must, of course, refer back to the Government for consideration all major proposals put forward at the meeting, and all proposals involving financial commitments.

[19] Note marginale :/Marginal note:
OK L.B.P[earson]. [6 Feb 1951]

II. *Organization*

4. The following material on organization is put forward for the general guidance of the Delegation.

5. The United Kingdom has proposed (CRO Simplex No. 8, of January 17)† that there should be two meetings of the Consultative Committee every year, one at the ministerial level and the other at the official level. There should be a small Central Secretariat; (the United Kingdom telegram implies incorrectly that there has been final agreement on this point). This Secretariat should prepare annual reports on the progress of the Colombo Plan and on further measures required.

6. These proposals are open to objection:

(a) If ministerial meetings are held too frequently and without clear cause the result will be that the senior Ministers who are responsible will be represented by junior Ministers, Parliamentary Under-Secretaries, etc. The result will be satisfactory to nobody. Ministerial meetings should be held only when really needed.

(b) A new Secretariat should not be set up unless we can be sure that it will help and not hinder the operation of the Plan. The Secretariat would probably have to be located somewhere in South or Southeast Asia. Difficulties that have been experienced in finding a Director for the Technical Assistance Bureau are a warning of what may happen. The countries of South and Southeast Asia have a very limited supply of officials with real initiative, organizing ability and financial responsibility. Such officials are so scarce that they are unlikely to be spared for the Central Secretariat. On the other hand it is quite out of the question for the Secretariat to be dominated by non-Asiatics.

(c) Neither the Consultative Committee nor a central Secretariat established under it is in a good position to assist in the arrangement of all the bilateral agreements that will have to be drawn up covering capital development, or to ensure that there is no overlapping in the agreements between various countries and agencies, or to follow up the way in which such agreements are in fact being implemented. This sort of a job cannot be done effectively from some remote international Secretariat. It must be done on the spot in the country receiving assistance and primarily in the capital of that country. Hence the growing emphasis placed by the ECA in Washington on the need for "coordination at the national level" between the various United States programmes for technical and capital assistance, the various U.N. programmes, and the Commonwealth programmes. In short the initiative and the assistance which the United Kingdom is rightly seeking to provide for in their proposals must be exercised to a considerable extent at the national level and not at the level of the Consultative Committee.

7. The Canadian Delegation should lay emphasis on the need for

(a) pooling of information and

(b) a measure of informal coordination

at the national level. How this may best be achieved is a matter for exploration and discussion in Colombo. Individual countries, both giving and receiving, are vitally concerned; so are U.N. agencies; so is the Technical Assistance Bureau in Ceylon (at least insofar as it can be under its present constitution which restricts it fairly

closely to technical assistance). Some sort of working arrangements in the capital city of each receiving country need to be worked out; each government or agency directly concerned in programmes in that country should be included in these arrangements. They should provide, if possible, for an annual review or report on capital development achievements and plans in that country. This review or report should be the primary responsibility of the "home country" but representatives of other countries and agencies should be able to help. It will be recalled that in London, in September-October 1950, the plans put forward by various countries to the Consultative Committee were on their own responsibility and other countries never endorsed them; nevertheless the Colombo Plan was, in a real sense, the result of a cooperative effort.

8. The Consultative Committee should meet once a year to consider the annual reviews or reports from the several countries concerned and other matters of interest. September would seem to be a good month; by that time in each year the financial outlook in most of the contributing countries is settled and ministers and officials are under less pressure than in the earlier part of the year.

9. Meetings of the Consultative Committee should normally be at the official level but should be raised to the ministerial level whenever matters of sufficient importance were coming up.

10. No special separate Secretariat should be set up at the present time for the Consultative Committee and the development of an elaborate centralized organization should be resisted. Much of the work which has been envisaged for a central Secretariat could be undertaken in the national capitals along lines suggested in paragraph 3 above. Experience might suggest that at a later date the Technical Assistance Bureau already being established in Ceylon might provide some services. However, decision on this point should be avoided until the Bureau has been set up and its staff appointed.

III. *Orientation*

11. The Colombo Plan was drawn together in the summer and early autumn of 1950. Since that time there have been important changes, political, economic and military, all around the world. It seems desirable to review the Plan in the light of changed conditions.

12. The countries of the North Atlantic Pact, and others such as Australia and New Zealand which are closely associated with them, have undertaken new defence programmes. These are so heavy as to change their financial and economic capacities to undertake other burdens. Commodity shortages and inflation are dominant problems. If the Colombo Plan is to succeed, in whole or even in part, some adjustments to the new position will have to be made.

13. They will presumably have to be made both by the supplying countries and the receiving countries. The receiving countries will have to realize that the world has changed since the fall of 1950 and that there will be more difficulties and delays to be overcome in achieving their objectives. The supplying countries on the other hand will have to realize that their financial assistance will be completely useless unless it is followed up by priorities or other direct assistance which the receiving countries will need if they are going to get certain types of supplies.

14. Further, with the threat of war far more imminent than a few months ago, perspectives naturally shorten. Programmes that could be carried forward in a relatively leisurely way under different circumstances may now look quite unrealistic. The short-run looms much larger than the long-run.

15. It would seem desirable to invite the receiving countries to review their programmes with these factors in mind. (It is not suggested, of course, that a detailed statistical revision of the Colombo Plan programmes need be undertaken or published). While they can scarcely be expected to welcome the idea that the needs of defence are upsetting their plans, nevertheless they can scarcely object to the suggestion that any economic plan, if it is at all realistic, has to take account of actual or anticipated shortages of materials, foodstuffs, and finished products.

16. There is a danger that the United States representatives at the Consultative Committee may put forward this point of view too vigorously or too bluntly. They will be acutely aware of Congressional difficulties; if money is to be voted by Congress during the forthcoming months the justification will have to be of a short-term nature and will have to be made in some relation to "defence" as opposed to mere long-run "development". Such an attitude will not be welcomed by countries in South and Southeast Asia.

17. This is a situation where the tact and experience of United Kingdom officials, who have had long experience in dealing with countries in South and Southeast Asia, should be very useful. The Canadian representative should raise the question with them at the earliest opportunity. He should seek some re-orientation of the Colombo Plan. He should not, however, unless assured of United Kingdom support, take any open initiative in the matter. He should seek to explore with United Kingdom officials the possibilities of such a re-orientation while at the same time attempting to restrain, if necessary, any undue or precipitate pressure in that direction by the representatives of the United States.

IV. *Additional Members of the Consultative Committee*

18. Canadian assent has already been indicated to proposals that Indonesia and the Philippines should join the Committee.[20]

19. The question of membership of France and the Netherlands may arise; we have been told by French officials that the United Kingdom will be putting forward the name of France. Both French and Dutch officials have enlisted our support. They have both been told that Canada would be in favour of their membership. On the other hand it is recognized that some of the countries of the Area are likely to oppose the membership of France and the Netherlands; faced with such a situation the Canadian Delegation should *not* press for their inclusion. It is clear that existing members must be unanimous if additional countries are to join. The United States insisted on unanimity before accepting the Committee's invitation.

[20] Note marginale :/Marginal note:
(& by implication [others]) [Inconnu/Unidentified]

548. PCO

Extrait des conclusion du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 6, 1951

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COLOMBO PLAN; CANADIAN CONTRIBUTION

14. *The Secretary of State for External Affairs*, referring to discussion at the meeting of December 28th, 1950, submitted a recommendation concerning the composition of the Canadian delegation to the meeting of the Consultative Committee on Economic Development in South and South-East Asia to take place in Colombo beginning February 12th.

It was necessary to decide on the Canadian contribution to the plan. U.S. officials would be attending the meeting but the requirements for re-armament in the United States together with antagonisms aroused by the differences between the United States and India over the Korean question threw some doubt on the probable extent of U.S. contribution, at least in the first year of the plan. Apart from the great need for economic development, the political situation made it even more imperative than previously for Canada to give a substantial contribution. It was accordingly recommended that $25 million be contributed in the fiscal year 1951-52 in the form of grants under bilateral agreements with the recipient governments and that it be available principally for India and Pakistan with a small amount for Ceylon.

There had been severe damage to Indian crops during the current year and India had recently approached the Wheat Board for 100,000 metric tons of Canadian wheat. It might be desirable to offer on a grant basis $10 to $15 million worth of wheat to India under a bilateral agreement providing that India would use the local currency obtained from the sale of this wheat for the financing of development projects under the Colombo Plan.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 1, 1951 — Cab. Doc. 41-51)†

In some earlier discussion on financing, one suggestion by the United Kingdom had been that the United States plus the International Bank should assume 50 per cent of the total cost of £1 billion over the six year period. The suggestion had been that the United Kingdom might then assume £330 million, Australia £60 million, New Zealand £10 million and Canada £100 million. On such a basis, the annual contribution by Canada would amount to about $50 million per year, approximately double what was now recommended. The government of Australia had already committed itself to a contribution of £25 million sterling over six years.

15. *The Minister of Fisheries* doubted whether it would fit in with the real purposes of the plan if a substantial part of the Canadian contribution took the form of wheat. The recipient countries could not, themselves, provide the capital equipment

needed for development and if too large a part of contributions went into consumer goods the purposes of the programme would be frustrated.

16. *The Minister of Finance* said that a grant of wheat would, in the present circumstances, have an advantage in reducing the pressure that would otherwise be exerted on already short supplies of capital goods. As to the amount, it seemed to be as low as was desirable if Canada was to make some proportionate contribution. It had to be clearly recognized, however, that the amount of the contribution would have to be made up either by curtailment of other government expenditures or by an increase in taxation.

17. *The Prime Minister* pointed out that, while the difficulties of making a contribution in present circumstances had to be recognized, the Speech from the Throne had indicated that Parliament would be asked to provide an appropriate contribution from Canada to the Plan. This should be limited to the present year and should be made only if it was clear that other member countries would be participating in such a fashion that there was some prospect that the Plan could be carried out along the lines originally intended. If it appeared that there was no prospect that the Plan could be made successful, the matter would have to be reconsidered.

18. *The Cabinet*, after considerable discussion:

(a) approved the recommendation of the Secretary of State for External Affairs as to the composition of the Canadian delegation to the meeting of the Consultative Committee on Economic Development in South and South-East Asia to be held in Colombo, Ceylon beginning February 12th, 1951; the delegation to be composed as follows:

Delegate:
Mr. David Johnson, High Commissioner for Canada in Pakistan;
Alternate Delegate:
Mr. Paul Sykes, Canadian Trade Commissioner in Colombo;
Advisers:
Mr. Clarence Read, Department of Finance;
Mr. J.H. Thurrott, Department of External Affairs;

(b) agreed that the Canadian delegate at the meeting of the Consultative Committee be authorized to state that the Canadian government was willing to provide $25 million in the fiscal year 1951-52, but that this amount would be made available only if other contributing countries were providing enough to give reasonable hope that the broad objectives of the Plan would be achieved;

(c) agreed that contributions were to be in the form of grants made from time to time under the terms of specific bilateral agreements between each of the recipient governments and the Canadian government; and,

(d) agreed that the Department of External Affairs be authorized to hold discussions as recommended with the Indian authorities on the desirability of providing a grant of $10 to $15 million worth of wheat to India during the fiscal year 1951-52 out of any contribution that might be made by Canada to the Colombo Plan; any such grant of wheat to be made under a bilateral agreement providing that India use an amount in local currency equal to the value of the wheat for the financing of development projects called for by the Colombo Plan.

. . .

549. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 9, 1951

. . .

COLOMBO PLAN; ANNOUNCEMENT OF CANADIAN CONTRIBUTION

5. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of February 7th, 1951, said that the United States government was sending a delegation to the meeting of the Consultative Committee on Economic Development in South and South-East Asia which was to be held in Colombo beginning February 12th. It was, moreover, now planning to place before Congress a proposal to grant aid to India in the sum of $180 million for the purchase of wheat and other grains to alleviate present famine conditions in India. The U.S. government appeared confident that Congress would approve this proposal. In the circumstances, there might be something to be said for making an immediate announcement in the House of Commons that the Canadian delegation to the meeting of the Consultative Committee would state that the government was willing to seek Parliamentary authority to contribute $25 million to the first year of the Colombo Plan, provided it became clear during the meeting that the other participating countries would be making appropriate contributions so that the broad objectives of the Plan might be realized. It might be well to inform the House at the same time that the government was immediately opening negotiations with India looking to arrangements, as part of the Colombo Plan, to provide some Canadian wheat to India during 1951-52.

(Draft statement, Feb. 9, 1951)†

6. *The Minister of Finance* suggested that, in any announcement, the language of the Speech from the Throne — "an appropriate Canadian participation" — be used instead of the figure of $25 million.

7. *Mr. Pearson* considered that it would be advantageous to make public the extent of the proposed Canadian contribution in advance of the announcement of the U.S. $180 million programme. If the Canadian figure were announced after the American figure, it would be more likely to be compared unfavourably with the latter.

8. *The Minister of Fisheries* expressed some concern that, in tying relief to the Colombo Plan, Canada might be setting an example that would be followed by other contributors to the Plan.

9. *The Prime Minister* said that the Canadian delegation would be making the proposed Canadian contribution known to the Consultative Committee. During the meeting of the Committee it should become apparent whether the United States and other countries were planning to make contributions of sufficient size to permit the realization of the broad objectives of the Colombo Plan. If they were not, the Canadian contribution would have to be reconsidered. If they were, and if the press

reports from Colombo gave insufficient publicity to the proposed Canadian contribution, consideration could be given to making an announcement in the House. An announcement would be easier at that time when it would be realized that Canada was not taking the lead in the matter but was making a contribution in association with several other countries.

10. *The Cabinet*, after further discussion, noted the remarks of the Secretary of State for External Affairs regarding the question of making an immediate announcement in the House of Commons regarding the proposed Canadian contribution to the Colombo Plan and agreed that no announcement should be made for the present.

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550. 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

SECRET [Ottawa], February 12, 1951

You asked Plumptre to provide the following papers:

(a) Draft instructions to Mr. Johnson in Colombo.[21]

(b) A brief paper on supplying wheat to India under the Colombo Plan.

I understand that you wish to have them for Cabinet meeting today. They are attached.

2. For your convenience I also attach the following documents:

(a) A recent report from Washington on U.S. aid to South and Southeast Asia (WA-419 of February 2, 1951†).

(b) Personal comments on the Colombo Plan by Mr. Wilgress (Telegram 313 of February 7, 1951†).

(c) A report from our High Commissioner's Office in New Delhi regarding the wheat position including a reference to the Colombo Plan (Air Telegram No. 8 of February 3, 1951†).

3. I have been giving some thought to the way in which discussions with the Indians on the subject of wheat might be opened up. The matter concerns not merely India and ourselves but also other countries in the Colombo Plan. Different countries will have different attitudes.

4. It is essential that the proposed operation should have the general approval of the United Kingdom authorities.[22] They have been responsible for the whole conception and development of the Colombo Plan. They are also most sensitive to

[21] Le document 547./Document 547.

[22] Note marginale :/Marginal note:
Desirable but surely not essential [L.B. Pearson]

possible reactions by Asiatic peoples. Therefore I suggest that we should take the matter up with them immediately and confidentially.[23]

5. If they approve, or at any rate if they do not object, I suggest that we should then raise the matter with the Indian authorities. This should probably be done in New Delhi where all angles of the situation could be appraised but we would keep the Acting High Commissioner here fully informed.[24]

6. I do not think it would be necessary or desirable to consult other countries in advance.[25] The United States will largely go its own way in South and Southeast Asia in any case; it will not be greatly interested in what types of aid are included under the Colombo Plan and what are not. The Pakistanis would probably object if they were given the opportunity of doing so. In a letter addressed to the *Ottawa Citizen* on February 8th an official of the Pakistan High Commissioner's Office here said: "For political reasons India has been deliberately cutting down on her grain production since 1945. She is turning over hundreds of thousands of acres of good grain growing land to jute and cotton. She does so because she wishes to cripple Pakistan's economy ... Pakistan considers that a free gift of food to India by North America would be tantamount to encouraging her in the policy of both economic and political strangulation of her neighbour".

7. I do not think it desirable to open up the whole question in Colombo.[26] The Delegations there are probably not well suited to discuss such a problem. Some of them are not vitally concerned; all would have to seek instructions from their Governments. Our own Delegation would not make any statement on the matter until the necessary concurrence had been obtained both from the United Kingdom and from India and, of course, until it was clear what Canada's contribution to the Colombo Plan this year was going to be.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [n.d.]

WHEAT FOR INDIA AND THE COLOMBO PLAN

The Indian development work laid out in the Colombo Plan is partly to be financed by funds raised by the Government of India and partly by funds from abroad. The funds from abroad serve two purposes: they help the Indian budget and

[23] Note marginale :/Marginal note:
Yes [L.B. Pearson]
[24] Note marginale :/Marginal note:
Yes [L.B. Pearson]
[25] Note marginale :/Marginal note:
No [L.B. Pearson]
[26] Note marginale :/Marginal note:
No [L.B. Pearson]

they help the Indian foreign exchange position. A gift from abroad of any urgently needed commodity — whether wheat or steel or timber — can serve the same two purposes: the Indian budget and the Indian exchange reserves are relieved of the purchases and Indian rupees and foreign currencies are released for other purposes. When a poor man is sick, a present of food is as useful as a present of medicine; he can spend on medicine the money that he is saved by the gift of food.

2. Thus there is nothing inconsistent with the basic objectives of the Colombo Plan on the one hand and, on the other, the furnishing of wheat to India on a grant basis. India has been importing wheat since the end of the war. This year, owing to drought and other calamities, the Indian grain position has become so serious that the ration has been cut from 12 to 9 ounces (an Indian newspaper story of the reduction of the ration is attached).†

3. A recent telegram from the High Commissioner for Canada in New Delhi (Air No. 8 of February 3†) summarizes the present situation. Our High Commissioner states his earnest hope that "either under the Colombo Plan or bilaterally, Canada may supply as much wheat as possible of any grades India can use — at least during the next twelve months or so."

4. Herbert Hoover's views may be of interest. Mr. Hoover, who strongly attacked so many of the features of the present United States foreign policy, has referred to the providing of wheat to India as being not in the category of politics but in the category of Christianity. The United States, he observed, "has never failed to do its best to aid starving people and shouldn't fail in this case either." The Indian people "are striving for freedom and we can afford to help them to the fullest possible extent."

5. India's balance of payments forecasts for this fiscal year and for the next two fiscal years (which were drawn up six months ago) show no requirement for dollar wheat. A requirement is shown for non-dollar wheat, presumably from Australia, averaging roughly $33 million a year.

6. In 1949 India's imports of foodstuffs and developmental commodities were:

Food—$99.5 million (of which wheat was one-half)

Developmental commodities (steel, lumber, etc.)—$138.6 million

For the next three fiscal years the estimates are:

	(Millions of dollars)		
	1950-51	1951-52	1952-53
Food	$ 75.9	103.1	101.6
Developmental commodities	$141.9	165.1	169.0

7. It can plainly be seen that the import of food, including wheat, is essential to India's economic life. In 1949 India had an overall current account deficit of $120 million. There is no reason to expect that this situation will change. In fact, this year, owing to the need to import 6 million tons of grains at a cost of $500—$600 million, India's financial position will be very much worse. Six months ago the estimate of India's foreign exchange resources available to finance all imports this year was $500 million. India's estimated imports, before the disastrous crop development, called for imports of $587 million for this fiscal year. (Actual imports in

1949 were $543 million.) To have an additional strain of roughly $450 million over and above the amount of $76 million originally programmed for food grains will place a strain of major proportions on the Indian economy.

551. DEA/11038-40

La délégation à la réunion du Comité consultatif au secrétaire d'État aux Affaires extérieures

Delegation to Consultative Committee Meeting to Secretary of State for External Affairs

TELEGRAM 2 Colombo, February 13, 1951

CONTINUING ORGANIZATION

Following from Johnson, Begins: This subject is on the agenda tomorrow morning. I have discussed it informally with leaders of most delegations. United Kingdom, with wide support, is pressing strongly for a small secretariat which would have no power of control over plans but would provide for continuity and act as a clearing house for ideas and experiences and ensure that all members of governments are given a picture of progress of plan. United States representative told me he now has no authority to agree to a central secretariat but he has asked for instructions giving him some discretion. He would not agree to a Secretariat with any supervisory or screening power but if prevailing view here is that there should be some central organization to collect information and make it available to the government, he hopes he can agree.

2. In the informal talks I put forward views given in paragraph 10 your instructions but so far without direct support except from United States. I shall strongly urge them in formal session but if they do not command general support, have I your authority to agree without further reference to you (a) to setting up of a small secretariat either in conjunction with Technical Assistance Bureau or separately, or (b) to agree to such a proposal if United States representative also agrees?

552. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures à la délégation à la réunion du Comité consultatif

Secretary of State for External Affairs to Delegation to Consultative Committee Meeting

TELEGRAM 4 Ottawa, February 14, 1951

IMMEDIATE

Your No. 2 of February 13 regarding Continuing Organization.

1. Full participation by United States is considered essential. Therefore you should adopt alternative (b) in your paragraph 2.

2. As between new organization and use of existing Bureau we prefer latter.

553. DEA/11038-40

La délégation à la réunion du Comité consultatif au secrétaire d'État aux Affaires extérieures

Delegation to Consultative Committee Meeting to Secretary of State for External Affairs

TELEGRAM 5 Colombo, February 14, 1951

CONTINUING ORGANIZATION

Following from Johnson, Begins: Divergent views were expressed. The United Kingdom supported establishment of small secretariat as outlined in my telegram No. 2 and got support from a number of delegations.

2. I made a statement along the lines of paragraphs 4 to 10 instructions. It got full support from United States and measure of support from Australia.

3. A sub-committee consisting of United Kingdom, United States, Australia, Pakistan and India considering this question this afternoon and will report to full Committee. Ends.

554. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures à la délégation à la réunion du Comité consultatif

Secretary of State for External Affairs to Delegation to Consultative Committee Meeting

TELEGRAM 3 Ottawa, February 14, 1951

Following for Johnson from the Minister, Begins: Government has been giving sympathetic consideration to figure mentioned in paragraph 7(1) of my memorandum of February 1st,[27] but before any final agreement or any public announcement, they would like your appraisal of outlook. Do you consider that other contributing countries including U.S.A. are planning, despite changed conditions since last October, to contribute enough to give reasonable hope that the broad objectives of the Plan will be achieved? In reviewing outlook with other delegates you may tell them in confidence the figure now under consideration here.

2. Proposals in paragraphs 8 and 9 of my memorandum are being discussed with U.K. authorities prior to taking up with India. Pending similar U.S. action has, of course, bearing on this matter.

[27] Voir le document 548./See Document 548.

555. DEA/11038-40

La délégation à la réunion du Comité consultatif au secrétaire d'État aux Affaires extérieures

Delegation to Consultative Committee Meeting to Secretary of State for External Affairs

TELEGRAM 7 Colombo, February 15, 1951

Your telegram No. 3 of February 14th.
Following from Johnson, Begins: I have spoken to the Head of the Delegation, United States, United Kingdom, Australia and New Zealand in sense of your telegram.

2. It is impossible to answer the question you put to me because the United States representative has given no indication in public or in private of amount of United States contribution. He expressed sympathy and interest in the plan but was noncommittal.

3. I also spoke to the Bank representative who thinks that the United States contribution of $200,000,000 for the first year would get the scheme under way.

4. All I can say is that with no indication of United States or Canadian intentions there has been disillusionment here. Announcement of Canadian contribution would do much to create better atmosphere.

5. Meeting expected to end not later than February 19th. Ends.

556. DEA/11038-40

La délégation à la réunion du Comité consultatif au secrétaire d'État aux Affaires extérieures

Delegation to Consultative Committee Meeting to Secretary of State for External Affairs

TELEGRAM 8 Colombo, February 15, 1951

Following from Johnson, Begins: My immediately following telegram gives text of recommendations of sub-committee concerning continuing organization.

2. United Kingdom and Australia with general support of India, Pakistan and Ceylon strongly urge case for small secretariat. United States delegate was not convinced of necessity for secretariat but has in view of strong views expressed informed Washington that he proposes to accept recommendations unless Washington otherwise instructs him.

3. Though also not convinced of necessity for secretariat in view of your telegram No. 4,† I do not propose to object when recommendations come before main committee.

4. Recommendations make no reference to coordination at national level. Though Asian delegates realize there will be informal talks in their capitals they resisted attempts to spell out machinery.

5. There has been developing general impression that this meeting has proved premature and possibly damaging. For this reason most delegations were anxious that recommendations to this meeting should stress importance of work that Consultative Committee has to do and indicate probability that small secretariat will be required. Ends.

557. DEA/11038-40

Le délégation à la réunion du Comité consultatif au secrétaire d'État aux Affaires extérieures

Delegation to Consultative Committee Meeting to Secretary of State for External Affairs

TELEGRAM 9 Colombo, February 15, 1951

Following from Johnson, Begins: Following is text of recommendation of sub-committee, Begins:

On the understanding that the functions of the Consultative Committee were common examination of question of mutual interest common review of progress made and common discussion of other general problems all in the context of economic development area sub-committee makes following recommendations with regard to the Continuing Organization that may be necessary to facilitate work of that Committee.

1. Consultative Committee shall meet whenever necessary by mutual agreement and at least once a year.

2. It is envisaged that the Committee will publish yearly report and consider such other reports as may be necessary.

It was generally felt that a small secretariat would be required both to serve Consultative Committee and to facilitate exchange of coordinating ideas and experience on problems that would come before it. However it was considered premature to endeavour to determine precise meaning of arrangements until size and scope of external finances available to countries in areas were better known. In the meantime should need for any secretariat assistance arise special arrangements could be made by mutual agreement by governments concerned. Ends.

558. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures à la délégation à la réunion du Comité consultatif

Secretary of State for External Affairs to Delegation to Consultative Committee Meeting

TELEGRAM 5 Ottawa, February 16, 1951

IMMEDIATE

Repeat London No. 324; Washington EX-365; New Delhi No. 331.

Your No. 7 of February 15.
Following from Pearson, Begins: You are authorized to inform the Committee, at an appropriate time, that the Canadian Government has now decided that it is willing to contribute $25 million to the first year of the Plan, provided that it is clear that other contributing countries will be making appropriate contributions so that the broad objectives of the Colombo Plan may be realized.

2. In regard to the provision regarding other countries you may state that the Canadian Government very fully appreciates the constitutional and administrative difficulties of the United States which make it quite impossible for its representative to make a full and binding statement of its position at this time. On the other hand the Canadian Government has from the beginning felt that its own contribution of dollars could not be considered entirely apart from the very much larger supplies of dollars that might come from the United States.

3. The foregoing statements are not (repeat not) restricted.

559.

DEA/11038-40

La délégation à la réunion du Comité consultatif au secrétaire d'État aux Affaires extérieures

Delegation to Consultative Committee Meeting to Secretary of State for External Affairs

TELEGRAM 14

Colombo, February 20, 1951

Following from Johnson, Begins: Committee concluded this morning with adoption of its report. Following is summary of main points and recommendations.

1. Future organization of continuing consultation. Report states it is considered premature to determine precise arrangements until size and scope of external finances available to countries in areas are better known and follows wording substantially of recommendation of sub-committee contained in my telegram No. 9 of February 15th with additional recommendation that a further meeting of the Consultative Committee should be convened as soon as practicable.

2. Procedure for obtaining financial aid. Report states that views expressed by representatives were necessarily of a preliminary and provisional nature and that all representatives accepted basis that negotiations would be bilateral although this would not exclude possibility of joint action by a number of governments in a particular case.

3. Role of International Bank. Decision as to whether role of Bank already played can be enhanced may take some time since it is not yet known whether special assistance grant will be made available. This is one of factors which influences each country's credit worthiness. Report recommends that Bank should be invited to maintain close and continuous liaison with the Committee.

4. Science and Technical resources execute plan. Report notes that while representatives express appreciation of general objective of United Kingdom proposal for appointment of science liaison officer for Bureau of Technical Co-operation and

(group corrupt) scientific conference, they considered it premature to attempt to reach a decision at this meeting.

5. Participation of non Commonwealth Governments. Report states that while submission of comprehensive national plans would greatly contribute to an assessment of the economic needs of the individual countries of the areas as a whole it was not in any way obligatory for membership to Committee that they should be submitted. Contribution of working expenses is a matter for each government to decide what it can offer.

6. Report refers to a proposal made at yesterday's meeting by Ceylon for an exhibition to be held at Colombo early in 1952 in which Colombo Plan countries would be participating. Further communication will be sent regarding this matter by Ceylon through the usual channels.

7. Atmosphere, helped by announcement of Canadian contribution, improved last two days and delegates dispersed in a reasonably hopeful mood.

8. I am leaving [for] Karachi early tomorrow. Ends.

560. DEA/11038-40

Extrait d'une dépêche du haut-commissaire au Pakistan au secrétaire d'État aux Affaires extérieures

Extract from Despatch from High Commissioner in Pakistan to Secretary of State for External Affairs

DESPATCH 111 Karachi, February 24, 1951

CONFIDENTIAL

REPORT ON CONSULTATIVE COMMITTEE — COLOMBO MEETING, FEBRUARY 12-20, 1951

PART V. FUTURE ORGANIZATION FOR CONTINUING CONSULTATION

6. This subject occupied the greater part of our time. Three main proposals were put forward, namely the United Kingdom proposal, the Pakistan proposal and the Canadian proposal.

7. You will remember that the United Kingdom sent telegrams on this subject to member governments on December 16 and again on January 17. The United Kingdom also circulated a paper at the meeting. In its view the Colombo Plan envisaged a three-fold approach to the problems facing participating countries, namely (a) the drawing up and implementation of national development programmes; this is done individually and independently by the governments concerned; (b) the provision of assistance by a contributor country to a recipient country. This is done bilaterally by the two governments concerned; and (c) the building up of a common stock of knowledge and experience, the common examination of questions of mutual interest, the common search for experts, the common review of progress made and the

common discussion of the general problems still to be tackled. In the view of the United Kingdom this last question is the task of the Consultative Committee. It followed from the above assessment of the task of the Consultative Committee that effective machinery should be established to provide continuity during those periods when the Consultative Committee is not actually meeting. The secretariat would be able to perform the staff work necessary when meetings of the Consultative Committee are to be held. It would also be charged with the duty of keeping member governments constantly informed of developments. The United Kingdom made it clear that the secretariat would have no powers of control in relation to the Plan. It would be very small. Apart from the staff needed on the technical co-operation side, the United Kingdom suggested that the secretary-general should have under him no more than two or three administrative officers.

8. Pakistan's suggestion was that a council of economic development should be set up similar to the Council for Technical Co-operation. Mr. Hasan did not circulate a paper or spell out his ideas very clearly but that is what he had in mind. His fear was that if there is no common discussion of needs and availabilities of finance, the larger and stronger powers, i.e. India, would get more than their share of the benefits.

9. The Canadian plan was outlined in your telegram of February 8 to member governments. I made a statement to the Committee about it along the following lines. The Canadian Government suggested that emphasis should be placed on the need for pooling of information and a measure of informal co-ordination at the national level. The Consultative Committee might explore how this might best be achieved. Arrangements in each capital city would include each government or agency directly concerned in programmes of that country and might also include the preparation of an annual report on progress in that country. Consideration of those reports would be a function of the Consultative Committee.

10. I shall now discuss briefly the fate of each of these proposals. The United Kingdom received strong support from New Zealand and a considerable amount of support from one or two other delegations for the immediate setting up of a small secretariat. The United States and Canada were the two most vocal dissenters. United States opposition surprised the United Kingdom. Close touch had been kept with Mr. Moore, of the United States Embassy in London and, according to Mr. Flett, Mr. Moore said he was in full agreement with the proposals made by the United Kingdom. When it became apparent that the United Kingdom proposals would not be accepted, there was for a time a feeling of discouragement. The line I took was this. What we were all interested in doing was ensuring that effective economic aid would come into this area. It was quite wrong to say that the amount of aid depended upon the amount of organization. In fact, as far as Canada and the United States were concerned, the reverse was probably the case. I also said that if Canada decided upon a contribution, I could not see that the lack of a central organization would keep us from making it available to such countries as we decided needed aid.

11. The Pakistan proposal, which was put forward towards the end of our sessions, was never fully discussed. Australia, New Zealand and a number of non-

Commonwealth countries supported it strongly and the United Kingdom indicated equally strong dissent. I did not speak on the merits of the proposal. Before it was my turn to speak Mr. Hasan, realizing there was opposition to it, closed the discussion and merely asked that governments give his proposal further consideration before the next meeting.

12. The Canadian proposal received support from Mr. Kennedy (United States) but even he did not say very much about it when strong opposition came from India. The Indian delegate would not agree to any general recommendation in the report that our proposal should be further considered or in fact to any reference to it in the report at all. At one time there was a suggestion that the United Kingdom, Pakistan and Canadian proposals should be attached as appendices to the report for further consideration. The Indian delegate said that if the Canadian proposal was attached, he would feel obliged to attach an Indian reply. This was considered undesirable and in the end none of the proposals was attached to the report. The Indian delegate never made clear the reasons for his opposition to our proposal. I assume that he feared that any committee set up in a national capital would attempt to exercise some sort of control or supervision over the activities of the national government. India prefers bilateral negotiations, unhampered by any sort of control by other powers and feels strong enough to get a reasonable share of available aid, and to obtain reasonable terms. I should add that the Indian delegate was friendly throughout but he apparently had instructions on this point.

13. The compromise recommendations on a continuing organization are contained in paragraphs 10, 11 and 12 of the report which for convenience I reproduce below:

"10. A number of proposals for continuing organization were placed before the Committee, but it was considered premature to determine precise arrangements until the size and scope of the external finance available to the countries in the area were better known.

"11. It is, however, recommended -

(1) that a further meeting of the Committee should be convened as soon as practicable;

(2) that the Consultative Committee should meet by mutual agreement whenever necessary, and at least once a year; and

(3) that the Committee should publish an annual report and such other reports as may be necessary.

"12. It is considered that a small secretariat will be required, both to serve the Consultative Committee and to facilitate the exchange and co-ordination of ideas and information on the problems that would come before it. Should the need for any secretarial assistance arise before the next meeting of the Committee, special arrangements could be made by mutual agreement by the Governments concerned."

14. A few comments are in order. No attempt was made to determine precise arrangements for a continuing organization but the Committee went on record as saying that "it considered that a small secretariat *will* be required both to serve the

Consultative Committee and to facilitate the exchange of and co-ordination of ideas and information on the problems that would come before it". At first Mr. Kennedy insisted that the word "will" which I have underlined should be "may" but after telegraphing Washington he was able to accept "will". Even the use of "will" does not involve a very serious commitment.

15. The recommendation in paragraph 11(1) of the report is also a compromise. Some delegates wished a recommendation that the Consultative Committee would meet in two or three months. Others preferred to leave the time entirely open. The intention behind the recommendation is that when the size and scope of external aid is known; another meeting would be called if, after a consultation, it is evident that there is some chance of obtaining agreement.

16. You will note that there is no commitment to hold a meeting at the ministerial level once a year. The United States delegate strongly supported our view that no such commitment should be made. He seemed to think it very doubtful that the United States would ever be represented at meetings of the Consultative Committee at the ministerial level.

17. The United Kingdom pressed strongly for the publication of an annual report. I was doubtful about the wisdom of this provision but nearly all the other delegates seemed to think that there was some advantage in publishing an annual report.

18. The recommendations about a continuing organization leave several loose ends. There is no indication of the person or country which should take the initiative in calling meetings or in assembling the material necessary for the annual report. The United Kingdom delegation seemed to think that this task would remain with the United Kingdom as the host country at the last meeting of the Committee at the ministerial level. Others seemed to think that Ceylon as the last host government would carry the responsibility until the next meeting of the Consultative Committee.

19. The report makes no reference to the country in which the next meeting should be held. Several delegations, including the United Kingdom, Australia, New Zealand, India, Pakistan and Ceylon said privately to me that they hoped Canada would be the next host country. On the other hand, Mr. Kennedy (United States) said publicly he hoped that meetings of the Committee would be held in Asia.

...

PART X. AMOUNT OF CANADIAN CONTRIBUTION

32. I was sorry that I was not able to give a more satisfactory answer to your telegram No. 3 of February 14 asking me if I considered that other contributing countries including the United States are planning to contribute enough to give reasonable hope that the broad objectives of the Plan will be realized. Mr. Kennedy refused in public or in private to give any indication of the amount that Congress might appropriate for the purpose of implementing the Colombo Plan, or even to indicate the amount which the Administration might ask Congress to appropriate. After talking to Mr. Basch, I reported to you that he considered that a United States contribution of 200 million dollars for the first year of the Plan would suffice to get it well under way. (Presumably Mr. Basch's estimate was passed on to the United

States Embassy in Ottawa because I was embarrassed when Mr. Kennedy showed me a telegram from Washington reporting that I had said that the Bank representative had expressed this opinion. Mr. Kennedy must have spoken to Mr. Basch about it because at a later stage in the proceedings Mr. Basch remarked that I was very quick in reporting information to Ottawa.)

33. At three p.m. on February 17, I received your telegram No. 5 of February 16 authorizing me to make an announcement of the Canadian contribution. By that time the Committee had adjourned to meet again when a drafting sub-committee had completed the draft of the report. On February 19 the main committee was called to meet at four p.m. I was anxious to make our announcement at that meeting because the Committee was concluding its meeting on the following day and there was more chance of favourable publicity if our announcement appeared before the final press communiqué. When I showed my proposed announcement to Mr. Kennedy, he begged me to replace the words, "very much larger supplies of dollars" by the words, "the aid", so that the sentence would read, "On the other hand the Canadian Government has from the beginning felt that its own contribution of dollars could not be considered entirely apart from the aid that might come from the United States."

34. Mr. Kennedy's request put me in a difficult position. I felt quite sure that you attached considerable importance to the words he wished me to delete. On the other hand he felt he would be embarrassed at the meeting if I used them. It was then too late to ask for fresh instructions. As relations between our two delegations had been close and friendly and as I was anxious that Mr. Kennedy should depart from the meeting in a happy frame of mind and write a favourable report to his government, I thought it would be unreasonable for me to refuse to make any change or even to postpone my announcement for a day while I awaited fresh instructions. I therefore decided to make the change, but at the same time I made it clear to him that I was quite sure that you considered the words to be important and would probably use them in any announcement made in Ottawa.

35. I should add that the Canadian announcement was very favourably received at the meeting. It received wide publicity in the Colombo papers and in some Indian and Pakistan papers. The Bank's representative considered that our announcement had been timely and well worded. I attach as an appendix† the text of my announcement. The full text appeared in the minutes and in the Colombo press. A summary of it is included in our report.

36. During the course of the meeting the United Kingdom delegation received word of the proposed gift of wheat by Canada to India and seemed unhappy about it. All I said to them was that I was aware a transaction of this kind was under consideration in Canada but that I did not have full details of it. I suggested that if they had any observations to make the place to make them was in London or Ottawa.

PART XIV. GENERAL COMMENTS

42. There was a general impression at the opening sessions, which continued until the end of the second day, that the meeting had been called prematurely. The United Kingdom government, which had taken the initiative in calling the meeting, was, it turned out, acting under three inaccurate premises, namely, (a) that the United States was actively interested in holding a meeting at this time, (b) that the United States was prepared to go along with the United Kingdom proposals for a continuing organization, and (c) that in the absence of stated opposition to their memorandum or specific alternative proposals by other countries, the United Kingdom proposals would receive general support.

43. The meeting was thus immediately confronted with widely divergent views on the main item on the agenda. I have discussed how this difficulty was dealt with in Part V of this despatch. Moreover most delegates considered that the form of the continuing organization could only be determined when the amount of external finance became known. At the early sessions I was not able to make any announcement about the size of the Canadian contribution. The United States delegate, Mr. Kennedy, made it quite clear that he could give no indication of the extent of the United States contribution. Delegates quite naturally began to wonder why the meeting had been called.

44. In fact, a certain amount of ill feeling developed between the United Kingdom and the United States delegations as regards the responsibility for holding the meeting. The United Kingdom delegation indicated to other delegations that the meeting had been called because of United States pressure. Mr. Kennedy heard of this and was unhappy about it. It obviously put him in a difficult position. If the United States was anxious to hold a meeting, then obviously other delegates would expect the United States to give a lead to the meeting or at least be able to agree to proposals put forward by other persons. Mr. Kennedy telegraphed the State Department on this point and received a reply which he showed to me indicating that the State Department had never expressed the view that an early meeting of the Committee was desirable. The misunderstanding seems to have arisen in London where talks took place between Mr. Moore of the United States Embassy and United Kingdom Treasury officials. Certainly the United Kingdom Treasury officials were under the impression that the United States believed that an early meeting of the Consultative Committee should be held because it was important "to keep the heat on".

45. As the sessions continued the feeling of disappointment and disillusionment among delegates abated. This was largely due to the role played by Mr. Kennedy after a disappointing beginning. It was also helped by the announcement of the Canadian contribution. Delegates gradually realized the basic purpose of this meeting was primarily to set the stage for full participation by the United States in the work of the Consultative Committee. This task was, I think, accomplished. Mr. Kennedy, though not indicating the amount of possible United States aid, was in his later statements helpful and encouraging. He made it clear that the United States was participating and was glad to be participating in the work of the Committee as a full member. In his final statement to the Committee, Mr. Kennedy said that in

his view the results of the meeting were of a favourable character and that he hoped representatives would not leave in a pessimistic mood. He referred to the enthusiasm, interest and cordiality among representatives and to evidence of co-operative effort and self-help that existed. He also referred to the promise of considerable aid that had already been made on the part of the United Kingdom, Australia and Canada and was glad to hear that programmes were already being carried out and that countries were keeping their programmes under review. It was his belief that much could be accomplished with what was on hand and what was in prospect and he said he looked forward to progress being realized in as rapid a manner as possible.

46. I spoke privately to nearly all the delegates at the close of the meeting. Mr. Kennedy stressed to me that he meant every word of what he had said at the final session. Other delegates said that, though at first they had been disappointed, they thought that they had obtained very valuable information and that the meeting was useful and valuable to them. They now understood the position of the United States, Canada and other countries and were hopeful that adequate aid would be forthcoming.

47. You may think that the results of eight days deliberations were meagre. Though I am inclined to agree with you, I think I should say in defence of the delegates present, that considering the divergent views held by the United Kingdom and some other countries on the one hand and the United States and Canada on the other, not much more could have been accomplished.

48. I express the hope that before the next meeting is held, informal talks will take place with the United Kingdom, United States, Canada and one or two other countries on the purposes of the meeting in order that when a meeting is eventually held there may be some hope of reaching an agreement among the more important members of the Committee.

49. I am afraid I have written a pedestrian account of the meetings of the Committee. My able and more imaginative colleagues, Mr. Read of the Department of Finance and Mr. Thurrott of the Department of External Affairs, will shortly be arriving in Ottawa and will no doubt wish to add their comments to the report which I have given.

50 I should like to add a word of thanks to Mr. Paul Sykes for the help he and his staff gave us during the meeting. I should also like to thank them for the many acts of kindness and hospitality shown to all of us.

DAVID M. JOHNSON

SECTION B

AIDE POUR L'INDE, LE PAKISTAN ET LE CEYLAN
AID TO INDIA, PAKISTAN AND CEYLON

561. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

DESPATCH E-150 Ottawa, February 21, 1951

RESTRICTED

COLOMBO PLAN — ARRANGEMENTS WITH PAKISTAN

Shortly after midday today Mohammed Ali called on Mr. Heeney to receive a copy of the statement to be made by the Minister in the House of Commons this afternoon. A copy of this statement is attached.[28]

2. Mr. Heeney referred briefly to the contribution of $25 million which the Canadian Government was planning to make to the Colombo Plan in its first year; he emphasized that it was to be made available provided other countries were also contributing so that the broad objectives of the Plan could be attained. Mohammed Ali remarked that the proviso was a prudent one. Nobody would think of donating half the funds needed to build a hospital without a proviso that the money would only be available if other contributors made up the other half.

3. Mr. Heeney went on to say that we now wished to explore with the Pakistan authorities what supplies they might wish to obtain under the Colombo Plan. He warned that many commodities were in very short supply these days. There would have to be discussions with officials of other Departments. Mohammed Ali mentioned that he had recently received a list of commodities which the Pakistanis were having difficulty in getting from Canada. He would send us this list. Discussions could follow. Mr. Heeney said that these discussions should take place in Ottawa.

4. Mr. Heeney went on to say that whatever assistance was provided by Canada would have to be covered by a formal bilateral agreement. He suggested that when this had been drawn up — presumably in Ottawa — it should be signed in Karachi. Mohammed Ali readily agreed that this would give the best sort of publicity to Canadian assistance to Pakistan.

5. We shall keep you informed of developments. You will see from the Minister's statement that wheat is likely to be provided for India in connection with the Colombo Plan. This matter will naturally receive our primary attention.

[28] Voir Canada, Chambre des Communes, *Débats*, 1951, volume I, pp. 547-548.
See Canada, House of Commons, *Debates*, 1951, Volume I, pp. 537-538.

6. Would you please convey the information in this despatch to the other missions in Karachi that are interested in the Colombo Plan? when you were in Colombo earlier this month, acting as head of our delegation, you emphasized the need for exchange of information at the national level. It would seem appropriate for you to take some initiative in this matter in Karachi.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

562. DEA/11038-40

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-406 Ottawa, February 21, 1951

RESTRICTED

COLOMBO PLAN — ARRANGEMENTS WITH INDIA

This morning Mr. Banerjee called on Mr. Heeney to receive a copy of the statement to be made this afternoon by the Minister in the House of Commons. A copy of this statement is attached.

2. Mr. Heeney referred briefly to Canada's intention to provide $25 million during the first year of the Colombo Plan and called attention to the provision that other countries should also be contributing so that the broad objectives of the Plan might be reached.

3. Mr. Banerjee was told that the Canadian authorities would wish to explore immediately with the Indian authorities the possibility of supplying wheat to India in connection with the Colombo Plan. Mr. Heeney referred to the use for capital development in India of the "counterpart funds" received from sale of wheat. He also said that whatever aid was to be provided would have to be covered by one or more formal bilateral agreements.

4. Mr. Heeney said that exploratory discussions should take place in Ottawa both regarding the possibility of supplying wheat immediately and also regarding the form and substance of the bilateral agreement. However, when an agreement came to be signed he suggested that this should be done in New Delhi because it would attract public attention to the assistance that Canada was making available. Mr. Banerjee agreed to these suggestions.

5. Exploratory discussions will take place in Ottawa in the near future. We shall keep you informed.

6. Would you please convey the information in this despatch to the other missions in New Delhi concerned with the Colombo Plan: the missions of Commonwealth countries, of the United States and of United Nations agencies? The leader of our

delegation at the recent meeting of the Consultative Committee in Colombo pressed strongly for a measure of exchange of information and informal coordination in the national capitals of countries who were to receive assistance under the Colombo Plan. The delegates of some countries, particularly of India, were strongly opposed to anything in the way of formal coordination which they feared would be misinterpreted by the people of their country. Nevertheless it is essential for us to know what economic assistance is being provided to India by other countries so that our own assistance may be the more usefully employed. Would you please send us such information from time to time; conversely we shall expect you to disseminate amongst the other missions concerned such information as we send you regarding our plans and activities here. I should add that at the meeting in Colombo the United States vigorously supported our proposals for exchange of information in national capitals; you should find the United States Embassy particularly cooperative in this matter.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

563. DEA/11038-40

Procès-verbal d'une réunion interministériel

Minutes of Interdepartmental Meeting

RESTRICTED [Ottawa], February 23, 1951

The following officials attended an informal meeting in the East Block, on February 23, to consider certain Colombo Plan problems:

Department of Finance
J.J. Deutsch
D.H. Fullerton
Department of Trade & Commerce
G.R. Heasman
Dr. C.F. Wilson
External Affairs
A.F.W. Plumptre
A.J. Pick
J.R. Murray

Wheat for India

Wilson reported that of the 300,000 tons of wheat contracted for by India last fall under the International Wheat Agreement, some 4 1/4 million dollars worth is scheduled for shipment in March. This sum, therefore, represents the maximum amount of wheat which it would be possible to debit against the Colombo Plan, in the current fiscal year, if a Colombo Plan appropriation was obtained during the next ten days or two weeks. India pays for the current Wheat Agreement shipments through the means of a revolving fund kept with the Wheat Board in Winnipeg. The Board, in turn, pays its agents against ocean bills of lading.

It seems clear that between now and the end of July there is no possibility of additional wheat, i.e. wheat over and above the 300,000 tons, being shipped to India. There is wheat of the lower grades available in the Prairie Provinces, but there are not transportation facilities to move this wheat to Vancouver until the late summer. The position is that everything is sold that we can move through the ports, regardless of quality. During the months of August, September and October, however, we will be able to move sizable quantities of No. 5 wheat to Vancouver, for shipment abroad.

It was agreed that it would be very desirable to keep the placing and carrying out of all orders under the Colombo Plan on a regular commercial basis. India would pay for a certain part of its wheat purchases from its own resources. It would pay for another part with Colombo Plan funds. (Whether additional purchases by India should be at Wheat Agreement prices or commercial prices is a separate problem to be worked out by the Wheat Board with India.)

As a result of commercial enquiries started a few weeks ago, we are waiting to find out whether the Indian Minister of Food, Mr. Cupta, is interested in purchasing No. 5 wheat. Present signs would suggest he is not too interested in purchasing it. Presumably, it would look more attractive if provided on a grant basis.

Bilateral Agreement

The Department of Finance is drawing up a draft of the type of Bilateral Agreement Canada would enter into with India and Pakistan, under the Colombo Plan, for capital assistance. The Department of Trade and Commerce is drawing up Bilateral Agreements to cover technical assistance programs.

With respect to the Agreements under the Colombo Plan, it was agreed that it would be desirable to take account of the following points:

(a) Unless special steps are taken to separate out our aid, and keep it separate, it is possible that the aid Canada gives may evaporate into the general morass without leaving behind any tangible identifiable evidence of a capital development having been made possible and having been carried out as a result of the Canadian grant under the Colombo Plan;

(b) Without tying down the recipient countries to a long series of formal and detailed legal obligations we should aim to get a clear understanding that the aid Canada extends will be distributed equitably;

(c) An integral part of the Agreement would be the establishment of a counterpart fund, preferably in a special account in the Reserve Bank in India;

(d) We should make a point of seeing that the financial fruits of the aid we extend, should come under the control of Mr. Deshmuck, Indian Minister of Finance, who has taken a key roll in drawing up the Colombo Plan;

(e) Whether we wish to approve the use to which the counterpart funds are put, or merely request to be consulted, is a fairly important point for decision;

(f) Capital items purchased under the Colombo Plan and used on Government account will be in a different category. Unlike consumer goods and other items sold in India, certain capital items will not produce counterpart funds. For capital items

of this nature, it would be necessary to have separate Agreements with the recipient countries.

Canadian Personnel in South and South-East Asia

For the next year, our interest, under the Colombo Plan, will be chiefly in India and Pakistan. Ceylon does not need external financial assistance this year and it is not desirable for us to attempt operations in British Colonial territories. In view of the fact that we will be donating very large sums of money to India and Pakistan, it may be desirable to send special personnel to that area to attend to the many problems which will arise. One of our main concerns will be to try to see to it that the Canadian contribution is used in the right places and for the best advantage of both recipient countries and of Canada. The individuals assigned to this task need not have their activities confined to one country.

Organization at the Canadian End

Special arrangements should be made to administer Colombo Plan questions at the Canadian end. One immediate suggestion was the desirability of establishing a focal point in Trade and Commerce where supply and priority problems could be handled. The Pakistan High Commissioner told the Under-Secretary, February 21, that he had been requested to take up, with the Canadian authorities, supply problems which are causing concern to Pakistan.

564.

DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 54

Ottawa, March 17, 1951

CONFIDENTIAL

Our Telegram No. 49 of March 13.†

COLOMBO PLAN

Banerjee has now reported India's reaction to taking No. 5 wheat under the Colombo Plan. India considers the introduction of low grade wheat into the Government operated ration system might "evoke serious public criticism". Although the wheat would be free to the Indian Government, the Indian people would have to pay for this wheat precisely as they pay for regular grades of wheat. The friendly gesture underlying Canada's contribution might well be defeated, something which Banerjee said neither Government would wish to have happen. We agreed that we had no intention to support the Colombo Plan by forcing India to take any commodity.

2. India's grain purchase requirements during the next few months are closely related to the fate of the United States Emergency Assistance Programme. India

would prefer to wait until the fall to see if regular grades of wheat could be obtained after our harvest.

3. In the meantime India wishes to obtain some of the following commodities: aluminium, copper wire and bars, zinc, wood pulp, timber and newsprint.

4. Banerjee was told that we could see some objections to furnishing industrial materials under the Colombo Plan. Wheat, which has the advantage of being a government transaction at both ends, has the humanitarian aspect of helping people who are hungry. If we are able to send finished manufactured products, such as farm machinery, or if we contribute to some capital construction project, the relationship of our assistance to the principles of economic development in the Colombo Plan would be tangible and clear. Industrial raw materials, on the other hand, are absorbed and disappear practically on receipt.

565. 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], March 20, 1951

COLOMBO PLAN — DIVISION OF THE CANADIAN CONTRIBUTION[29]

At a recent interdepartmental meeting on the Colombo Plan (Heasman and Wilson, Trade and Commerce; Deutsch, Finance; Plumptre and Pick) it was agreed that it would be difficult in the early stages of the first year of the Canadian participation to draw up a firm programme of aid from Canada for the Colombo Plan countries. To divide up the full amount of the proposed Canadian contribution in advance of the Canadian contribution appearing in the estimates or being approved by Parliament might be a mistake.

2. Rather than making a firm division in advance, a preference was expressed for fixing a general target at which to aim. For planning purposes it was suggested that $10 million be earmarked for Pakistan and $15 million for India. In view of the prosperity which Ceylon is enjoying at the present time, there does not appear to be

[29] Les notes manuscrites suivantes ont été jointes à ce document :/The following hand-written notes were attached to this document:
Mr. Plumptre, How does a dazzling budgetary position in a recipient Colombo Plan country affect our attitude on aid to it, I wonder. A.G.S.G[riffin].
Tony [Griffin]
What S & S-E Asia need primarily, I believe, is
(a) know-how.
(b) Foreign exchange (especially dollars) for financing import surpluses related with [sic] capital developments.
(c) Capital provided locally for developments.
A budget surplus can provide only (c). Nevertheless, this is important — and surprising. Let me see further material as it comes along on the Pakistan budget. A.F.W.P[lumptre].

any need to offer assistance to that country. If Ceylon does ask for aid we can then consider whether we should extend a small amount of aid.

3. There has been no suggestion that we should extend assistance to the British colonies in the area. As a general principle, it is to our advantage to see Canadian Colombo Plan expenditures limited to a few countries rather than trying to give a small amount of assistance to all the countries in the area. There is, however, something to be said for considering giving some aid to a non-Commonwealth country in the area. We would not wish to see a pattern emerge in which the United Kingdom, Canada, Australia and New Zealand limit their contributions to Commonwealth countries and the United States becomes the sole benefactor of the non-Commonwealth countries.

4. When Mohammed Ali called on me on March 6, he asked what amount of Colombo aid the Pakistan authorities might expect Canada to allot to Pakistan. He was told that there was no intention, at this time or later, of making a precise division of any Canadian contribution. Rather it was the intention to meet needs in one country or another as they arose. The Colombo Plan was intended to run for a period of six years and the Canadian contribution would be a small part of the total. There would be no point in trying to make any very careful division of the Canadian contribution in the first year. Mohammed Ali fully understood the logic of this position. However, he went on to enquire what sort of a figure the Pakistan authorities might use as a working basis. It was suggested that he might put forward, as his own proposal, the figure of $10 million for the coming year. It was pointed out that such a figure might apply to a single project or a group of projects of different sorts or to part of larger and longer projects; the Canadian authorities did not wish to rule out any possibilities.

5. I should be grateful if you would indicate if you agree with the views outlined above.[30]

A.D.P. H[EENEY]

566.

DEA/11038-40

Note du chef de la Direction économique

Memorandum by Head, Economic Division

CONFIDENTIAL

[Ottawa], March 27, 1951

COLOMBO PLAN AID TO PAKISTAN AND INDIA

The following points arose at an interdepartmental meeting Thursday, March 22 (Finance, Trade and Commerce, External Affairs):

1. *Raw Materials*

It was stressed that wherever possible any requirements (nominally under the Plan) for scarce raw materials should be steered away from us and to the I.M.C. in

[30] Note marginale :/Marginal note:
Yes L.B.P[earson]. [March 21, 1951]

Washington. This would avoid the embarrassment of direct rejections of claims here, also drain upon our own domestic supplies. It would allow us, where appropriate, to tell claimants we would support their claims in Washington. Wherever this procedure is not feasible the claimant must be asked to state in detail the purposes for which the raw materials are to be used in order that decisions can be reached as to their validity.

2. *Requirements by Pakistan and India*

Trade and Commerce submitted the following list of items which, it was suggested, might be used as a basis for discussion on procurement under the Plan with Pakistan and Indian authorities. This list seeks the best compromise between on the one hand the stated needs of the two countries and on the other hand the domestic shortage of certain raw materials. The list follows:

PAKISTAN

Serial No. 12 —	Central Agricultural Engineering Organization, — the supply of agricultural machinery, except crawler type tractors.
Serial No. 33 —	Seed and model experimental farms.
Serial No. 35 —	The providing of small wooden fishing trawlers and tugs.
Serial No. 58 —	The supply of large Douglas Fir timber for the development of the Port of Chittagong.
Serial No. 64 —	Geological Survey (Aerial mapping).
Various Nos. —	Hydro-electric Power Plant.
Various Nos. —	Cement Plant.
Various Nos. —	Pulp and Paper Mill.
Consumer Goods —	Such as polystyrene and possibly small quantity of asbestos, both of which have been requested.

INDIA

1(b) Agr. 1 —	The providing of small wooden fishing trawlers and tugs.
11(b) Transp.3 —	The supply of motor transports (this would depend on date of delivery).
Various Nos. —	Hydro-electric Power Plant.
Various Nos. —	Cement Plant.
Various Nos. —	Pulp and Paper Mill
VI(b) Social Capital 2 —	Establishment of a Western Technical Institute at a cost of 13.2 million rupees, — to be started in 1951 and completed in 1957.

Wheat and other consumer goods, as available.

(The serial numbers and other hieroglyphics in the left hand column are those which appear opposite these items in the Appendices to the Plan.)

It was agreed that these lists should be sent to Karachi and New Delhi for information. The Pakistan list is to be telegraphed to Karachi for transmittal to Said Hasan before he leaves for Ottawa. Because of the shortage of certain raw materi-

als in Canada there was considered to be some advantage in presenting these lists to the two recipient countries before receiving from them a statement of their own requirements which would almost certainly include commodities we would find it embarrassing to provide. The intention is to discuss the lists with the Indian and Pakistan High Commissioners here.

3. *Overall Financial Plan*

It was agreed that discussion on the overall financial plan would take place in Ottawa. The Department of Finance will prepare a memorandum[31] on the subject which would be available about April 10th.

4. *General*

It was agreed:

(a) That any project suggested by recipient countries and involving an unduly high content of U.S. materials would have to be ruled out.

(b) That in examining projects suggested by recipient countries, it would be necessary to make a clear distinction between those which would be directly concerned with advancing further economic development (e.g. public utilities such as electric power stations) and those which were ordinary commercial enterprises (e.g. pulp and paper mills). Any suggested projects in the latter category would, if eligible at all, require special financial arrangements.

A.F.W. P[LUMPTRE]

567.

DEA/11038-40

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-586 Ottawa, March 29, 1951

Reference: My E406 of February 21 and E566 of March 27.†

COLOMBO PLAN AID TO INDIA

1. Yesterday Banerjee called on us to discuss the list of items set forth in the memorandum forwarded to you under my letter No. E566 of March 27. Representatives of the Departments of Trade and Commerce and Finance were also present.

2. Banerjee did not feel qualified to discuss the list in any detail. He merely said he would submit it to New Delhi.

3. He asked what sum would be allocated to India out of the $25 million we have conditionally authorized. We told him that while we wish to maintain maximum flexibility in allocation under the Plan, we thought he could be assured that between $10 and $15 million would be a reasonable assumption as India's share.

[31] Non retrouvée./Not located.

4. We underlined the point made in our memorandum of March 27 that the projects suggested should be divided into two distinct parts, i.e., those which would probably be a purely government to government transaction (for example, public utilities) and those which might involve subsequent sale by the Indian Government to private interests (for example, a pulp and paper mill). The latter would require special financing.

5. He emphasized the value both to India and ourselves of selecting projects which would bear a distinctive Canadian stamp, such as the establishment in its entirety of a Western Technical Institute (see memorandum under reference) rather than items which would quickly lose their identity. We suggested and he agreed that raw materials should be avoided.

6. We said we thought the time was approaching when experts from India, thoroughly well informed on commercial and engineering problems, should come to Ottawa to discuss the actual details of these projects. In this connection we would draw your attention to our E406 in which we stated that exploratory discussions should take place in Ottawa. This statement was intended to apply not only to wheat but also to all other commodities and projects.

7. We should be grateful for your assistance in ensuring that the Indians send us the best qualified people available to discuss this matter. I would suggest that you might take up this matter informally with Sir Chintaman Deshmukh and ask him if he would send one of his own really good officials or someone experienced in international negotiations from the Reserve Bank. Since we are now ready to move forward into the next and more detailed stage, we think you could say that we would welcome the opening of discussions at the earliest date convenient to them.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

DEA/11038-40

568.

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

DESPATCH E-257 Ottawa, March 30, 1951

Reference: My E150 of February 21, E243 of March 27† and my telegram No. 55 of March 28.†

COLOMBO PLAN AID TO PAKISTAN

Yesterday Mohammed Ali called on us to discuss the list of items set forth in the memorandum forwarded to you under my letter No. E243 of March 27. Representatives of the Departments of Trade and Commerce and Finance were also present.

2. Mohammed Ali made the statement, with which we warmly agreed, that there would be considerable value to both sides in selecting projects which would bear a

distinctive Canadian stamp such as the establishment of the proposed Central Agricultural Engineering Organization rather than consumer items which would quickly lose their identity. This did not mean, however, that either side would exclude the latter. We stressed that the acquisition of mere raw materials under the Plan should be avoided and they agreed.

3. We emphasized that there could be no assurance that the Plan would be continued from year to year and that, therefore, it was perhaps desirable that monies allocated this year should be spent either on projects which could be entirely completed or at least on complete stages of longer-term projects.

4. It was agreed that counterpart funds arising from the sale to private interests by the Pakistan Government of items acquired under the Plan should be used for further Colombo Plan expenditure.

5. We underlined the point made in our memorandum of March 27 that the financial projects suggested should be divided into two distinct parts, i.e., those which would be a purely government to government transaction (for example, public utilities) and those which would involve subsequent sale by the Pakistan Government to private interests (for example, pulp and paper mills). The latter would require special financing.

6. Mohammed Ali showed particular interest in the item geological survey (aerial mapping).

7. The next step will be discussion of these and any other items brought up by the Pakistanis with Said Hasan. At that time the over-all financial plan will also be discussed. We shall keep you informed.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

569. DEA/11038-40

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

[Ottawa], May 16, 1951

FINANCIAL ARRANGEMENTS WITH INDIA AND PAKISTAN FOR COLOMBO PLAN

I attach a copy of our Telegram No. 54 of May 12th to Karachi. I approved this telegram at about 12:30 Saturday morning, having just received a release from Deutsch. Johnson in Karachi wanted the information urgently because Said Hasan, who is coming to Ottawa to discuss Colombo Plan arrangements, was to leave Karachi on Monday or Tuesday. However, in retrospect and despite the Saturday

morning pressure, I think I should have checked the telegram with you before it went out.[32]

2. The telegram was in answer to an enquiry from Said Hasan. He wanted to know whether Canadian aid under the Colombo Plan was going to be in the form of grants or loans, whether "counterpart funds" would be set aside under certain circumstances, and what the terms of the loans (if any) would be.

3. Our reply said, in short, that counterpart funds could be expected (our Minister had already said so in the House of Commons) and that Canadian aid would take the form of grants or loans depending on the circumstances. Finally the terms of different loans might vary widely. The point that worries me is that I had no authority within this Department to say that some of the Canadian aid might be in the form of loans. I feel sure that the Minister has been thinking chiefly, if not solely, in terms of grants.[33]

4. I do not think that we should exclude the possibility of loans at this stage. The lists of possible capital developments appended to the Colombo Plan consist for the most part of general public works (roads and experimental farms) and also of public utilities (power plants and irrigation schemes). However they also include purely commercial enterprises (for example pulp and paper mills). It is very questionable to my mind whether the Canadian Government would want to provide India and Pakistan with a pulp and paper mill as a completely free gift. This is why I do not think we should at this stage exclude the possibility of loans. The financing of each individual project will have to be judged on its own merits.

5. In our discussions with the Department of Finance it became clear that in the field of loans they were not thinking of strict commercial terms at current rates of interest. They did feel, however, that some sort of a repayment feature or some sort of a nominal rate of interest might in certain cases act as a healthy break on the use of funds by the receiving countries. Further, it is somewhat questionable whether our pulp and paper industry would like to see the Canadian Government giving competitive equipment away freely to India and Pakistan.

6. I hope, therefore, that you will concur in the message that has been sent to Mr. Johnson. You will see from his reply which I attach (No. 74 of May 15th† from Karachi) that Said Hasan was a little disappointed that Canada was thinking of loans as well as grants. However, I think our position is reasonable.[34]

A.F.W. P[LUMPTRE]

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[32] Note marginale :/Marginal note:
The Minister to see It seems to me that the attitude taken by Plumptre is the right one and that the possibility of loans in certain circumstances should be retained. Do you agree?
A.D.P.H[eeney], May 19.

[33] Note marginale :/Marginal note:
Yes L.B.P[earson] [21 May 1951]

[34] Note marginale :/Marginal note:
Yes — though this is the first time I have heard anything about Colombo loans! L.B.P[earson] [21 May 1951]

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

TELEGRAM 54 Ottawa, May 12, 1951

RESTRICTED

Our telegram No. 52 of May 4.†

STATEMENT REGARDING COLOMBO PLAN FINANCING

Following is text of an interdepartmental memorandum on the subject of financial agreement under the Colombo Plan. You may hand a copy of the text of this statement to Ghulan Mohammed or convey the sense of it to him orally. Text begins:

1. It is envisaged that at the outset a master agreement will be signed which will set forth the general objectives and principles governing the provision and use of assistance provided by the Canadian Government, and which will incorporate general financial arrangements and procedures. There may also be special supplementary agreements to cover individual transactions in accordance with the indications contained in paragraphs 3 and 4 below.

2. The nature of the assistance and the programme of goods and services to be made available will take such a form as may be mutually agreed upon from time to time between the two governments.

3. On the financial side, it is the intention that Canada's assistance will be available on either a grant or loan basis, depending on the nature of each form of assistance and the end use to which it is to be put.

4. The terms and conditions of each sort of assistance would be a subject for agreement between the two governments.

(a) Grants. In certain cases, particularly in the case of any consumers goods supplied for direct distribution, it would appear desirable from the point of view of both governments to have counterpart funds set aside to be used for such purposes as may be mutually agreed upon. The procedure for the setting up and operation of counterpart accounts would be established in the master agreement. It is anticipated that the amounts to be credited to the counterpart accounts would be the rupee equivalent of the costs in Canada of goods supplied including any services in connection therewith, paid for from funds appropriated by the Canadian Government for Colombo Plan assistance; the rupee equivalent would be deposited by the recipient government in a special account upon notification of such costs by the Canadian Government.

(b) Loans. The terms and conditions of different loans might differ widely and would be related to the extent to which projects were directly revenue-producing, or of a commercial character, and their effects on the foreign exchange position. Ends.

570. DEA/11038-40

Le chef de la Direction économique
au directeur de la Direction des Relations économiques internationales
du ministère des Finances

Head, Economic Division,
to Director, International Economic Relations Division,
Department of Finance

Ottawa, May 17, 1951

Dear John [Deutsch]:

COLOMBO PLAN — FINANCIAL ARRANGEMENTS

Last week in your office we were discussing financial arrangements under the Colombo Plan and the officials present agreed that Canadian capital assistance under the Plan might take the form of either grants or loans.

2. Since that time I have been puzzling over the question as to how we should draw the line between the two forms of assistance, particularly having regard to the sensitivities and susceptibilities of the people with whom we are dealing and about whom we really know very little.

3. I was particularly interested therefore to read a discussion of the subject in a U.N. report which has just come out this week and of which I think that you, like myself, have an advance copy: "Measures for the Economic Development of Under-Developed Countries" — Report by a Group of Experts appointed by the Secretary-General of the United Nations.[35] For your convenience I attach a copy of two paragraphs from that report.

4. Paragraph 276 sets out the purposes that "should be considered eligible for grants". However, reading the two paragraphs together, I would gather than under some circumstances the items listed might be financed to a small extent by loans. The line is not hard and fast. For instance while roads are considered eligible for grants they are also considered eligible in some circumstances for a loan on specially favourable terms. In general, however, it is my impression that the authors of the report intend that the items listed in paragraph 276 should be financed completely by grants unless there are special circumstances which make partial financing by loans appropriate.

5. Would you agree that the proposed division would be a useful guide to our actions? Would you further agree that it might be useful to refer to these two paragraphs in the report when discussing the matter with the Indians and Pakistanis?

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[35] Voir/See United Nations, Department of Economic Affairs, *Measures for the Economic Development of Underdeveloped countries: Report by a Group of Experts appointed by the Secretary-General of the United Nations*, New York, U.N. Department of Economic Affairs, 1951.

6. I am sending a copy of this letter to George Heasman inviting his comments.

Yours sincerely,

A.F.W. PLUMPTRE

571. DEA/11038-40

Le haut-commissaire au Pakistan
au secrétaire d'État aux Affaires extérieures

High Commissioner in Pakistan
to Secretary of State for External Affairs

TELEGRAM 81 Karachi, May 22, 1951

RESTRICTED

Reference; My telegram No. 74 of May 15.†

COLOMBO PLAN FINANCING

I spoke to Ghulam Mohammed on May 20th about the interdepartmental memorandum. His comments were, in substance, as follows:

Beggars cannot be choosers. It is, therefore, not for him to state upon what terms Canadian aid should be given. Speaking personally he said he was disappointed that we were thinking in terms of loans. His impression after the London meeting of the Consultative Committee was that the government aid would be on a grant basis.

572. DEA/11038-40

Le directeur du Service des délégués commerciaux du ministère du Commerce
au chef de la Direction économique

Director, Trade Commissioner Service, Department of Trade and Commerce,
to Head, Economic Division

Ottawa, May 24, 1951

Dear Wynne [Plumptre]:

COLOMBO PLAN — FINANCIAL ARRANGEMENTS

I have copy of your note of May 17 to John Deutsch, quoting Paragraph 276 of "Measures for the Economic Development of Under-Developed Countries", and asking for my comments as to whether or not the Paragraph in question might be a useful guide to our own actions in deciding where a grant should be made, or where we might be better advised to suggest a loan.

I have not as yet received a copy of the report in question and I am just not quite clear in my own mind as to why the United Nations would themselves be interested

in the making of grants or loans for the economic development of Under-Developed Countries. I have been under the impression that the United Nations and its various agencies were confining themselves largely to what one might term in its broadest sense — technical assistance — and if I am correct in this, capital equipment would not be involved.

However, in trying to develop a set of principles to guide us in the making of grants or loans, I think we should keep constantly in mind that the whole economic development plan for South and South East Asia is supposed to be a cooperative effort. I think we should endeavour to follow some of the methods adopted and aim at the objective set by the Economic Cooperation Administration in Washington. The latter has tried to keep constantly in mind projects that benefit a country economically and in the shortest possible time.

I feel that the success of E.C.A. can be attributed in no small measure to the use of the counterpart funds, and I hope that in carrying out the six-year programme under the Colombo Plan for the Economic Development of the Countries of South and South-East Asia, we will endeavour to see that counterpart funds are established at every opportunity.[36]

In the making of grants, we are in a position to talk counterpart funds, but it is questionable whether in the making of loans we would have much right to insist on the setting up of counterpart funds.

Paragraph 276(a) dealing with research and education covers a very large field where the chief items required are likely to be commodities or services obtainable locally, and which should, therefore, be met by local currency. In other words, many of the items mentioned under research and education might prove suitable for the use of counterpart funds. I question if they are of a kind of project which would require any extensive purchase of capital equipment in Canada. To the extent, however, that capital equipment would be required to equip any of the schools, then, of course, such capital equipment should, in my opinion, be eligible by means of grants rather than obtainable by means of a loan. In fact, I believe one of the suggestions we made to India included assistance in the establishing of experimental farms, or the equipping of an organization to handle agricultural machinery. Incidentally, Paragraph 276(a) also overlaps into the Technical Assistance Programme where it refers to the training of technicians abroad.

Paragraph 276(b) is also very broad in its meaning and I have a feeling that many of the items that might come under this paragraph could be met out of counterpart funds or under the Technical Assistance Plan.

I will leave comments on Paragraph 276(c) to John Deutsch.

Under paragraph 276(d) the projects listed thereunder might very well be the subject of grants, provided, and only to the extent, that capital equipment is purchased in Canada to carry out these projects. I think we should not lose sight of the fact that the Economic Development Plan for South and South-East Asia was sup-

[36] Note marginale :/Marginal note:
My own feeling is that we want to play down the loans; ECA may be a good precedent to follow. [A.F.W. Plumptre].

posed to provide a means whereby these under-developed countries could obtain the much desired capital equipment necessary to carry out their programmes, and which they were unable to carry out because they lacked the dollars with which to purchase the necessary machinery.

Some items in 276(d) might easily have the result of relieving a State from a normal current expenditure. I doubt if we would be agreeable to any project that would have the effect of helping a country to meet current costs of running the country.

Answering now your question as to whether or not paragraphs 276 and 277 could serve as a rough guide for us in our conversations with the Indians and Pakistanis, I frankly doubt if they would serve this purpose. I am inclined to the view that each project should be considered on its own merits. There are, after all, not going to be so very many projects, and we will gradually make our own principles as we move along. I think our objective should be in line with that of E.C.A. and that we are on safer ground if we keep in mind the principles which guide that administration in making grants and loans.[37]

Yours faithfully,
G.R. HEASMAN

573. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

TELEGRAM 60 Ottawa, May 30, 1951

RESTRICTED

Your telegrams Nos. 74† and 81 concerning Colombo Plan financing.

While preference of recipient country for grants rather than loans is understandable the following points appear pertinent in connection with reaction reported in your messages to provision in certain cases for loans in interdepartmental memorandum quoted in our telegram No. 54.

(a) In response to general hypothetical questions put forward by Pakistanis, interdepartmental memorandum indicates general approach to Colombo financing. Key to form of Canadian aid will be nature of actual projects undertaken. In absence of such information it cannot be assumed that grants would be automatically forthcoming for all possible projects. As Para. 4(b) indicated the terms and conditions of

[37] Note marginale :/Marginal note:
Mr Wright Could you look through ECA reports or other material and give me a report on the use of *loans* by ECA? I believe the original intention was to use them extensively, but this never worked out. In the end, what sort of loans were made, and about what proportion of the total? [A.F.W. Plumptre]

different loans might differ widely but clearly they would always have to be in harmony with the fundamental purposes of the Colombo Plan.

(b) The form of the aid in the first instance and the terms and conditions of any loans would both be determined by mutual agreement.

(c) The provision of loans as well as grants would definitely appear not inconsistent with Colombo Plan report or minutes of London meetings last Autumn.

(d) Similarly new U.N. report "Measures for the Economic Development of Under-developed Countries" recommends the division of intergovernmental aid into grants and loans according to its purposes.

In view of these considerations which you should explain to the Pakistani authorities, it is our hope that the Government of Pakistan would readily accept and indeed welcome loans in certain circumstances under Colombo Plan.

574. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 113 Ottawa, May 31, 1951

RESTRICTED

Your telegram No. 135 of May 23,† Colombo Plan Discussions.

2. Regarding your Para. 3 we hope that discussions will result in concurrence on master agreement along lines indicated in our telegram No. 54 of May 12 to Karachi as well as selection of projects. If Indians consider Sundaresan qualified to represent them at discussions for these purposes he is, of course, acceptable to us.

3. Please convey orally or hand text to Indian authorities of statement contained in telegram No. 54 to Karachi. Indians should not receive impression from statement that loans are emphasized in our thinking about Colombo financing. However, in absence of information about projects envisaged it cannot be assumed that grants would be automatic for all possible purposes under Plan. Para. 4(b) of statement indicates terms and conditions of different loans might differ widely but clearly they would always have to be in harmony with fundamental purposes of Plan.

4. Statement also provides that form of aid in first instance and terms and conditions of possible loans would both be determined by mutual agreement.

575. DEA/11038-40

Le haut-commissaire au Pakistan
au secrétaire d'État aux Affaires extérieures

High Commissioner in Pakistan
to Secretary of State for External Affairs

TELEGRAM 89 Karachi, June 8, 1951

RESTRICTED

Reference: Your telegram No. 60 of May 30th.

COLOMBO PLAN FINANCING

I called on Mr. Ghulam Mohammed this morning to discuss the substance of your telegram. He gave me a friendly and cordial hearing. He acknowledged your approach to Colombo plan finance was logical but at the same time though he did not give reason he thought his feeling of disappointment over interdepartmental memorandum was justified.

2. We both agreed that we could not make further progress. The next step would be for Pakistani officials to visit Ottawa. They would be able to tell Canadian officials the project in respect of which Pakistan would like to receive Canadian aid. Our officials would be able to tell them whether aid in respect of a particular project would be on a grant or loan basis. If there was initial disagreement between Pakistan's officials and our officials, Mr, Ghulam Mohammed was hopeful that difficulties be ironed in friendly discussion.

3. The visit of Pakistani officials to Ottawa is delayed because difficulties of getting ready for talks with International Bank in Washington. Mr. Ghulam Mohammed hopes to be able to tell me in a few days when delegation will leave Karachi and when they will reach Ottawa. He said Mr. Said Hasan would probably head delegation.

4. Mr. Ghulam Mohammed recalled with pleasure his friendly association with Mr. Abbott at several conferences and asked to be remembered to him.

576. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Pakistan

Secretary of State for External Affairs
to High Commissioner in Pakistan

DESPATCH E-457 Ottawa, June 20, 1951

CONFIDENTIAL

Reference: Your telegram No. 89 of June 8 and previous messages.

COLOMBO PLAN FINANCING

Thank you for your telegram under reference reporting on your conversation with Mr. Ghulam Mohammed about the substance of our telegram No. 60 of May 30th.

2. We agree that the forthcoming official discussions in Ottawa will provide the best means of achieving mutual agreement about the form of the Canadian contribution and the selection of individual projects.

3. Mr. Plumptre had a talk with Mr. Mohammed Ali on June 7th about Colombo Plan developments. He said that we had received an enquiry through you from the Pakistan Authorities asking if Canadian aid would be in the form of grants or loans and if the latter, what would be the terms and rate of interest. Mr. Plumptre explained that in reply to this enquiry we had sent you an interdepartmental memorandum (our telegram No. 54 of May 12), a copy of which he handed to Mohammed Ali. Mr. Plumptre pointed out that our reply consisted of hypothetical answers to hypothetical questions. In our view it was difficult to discuss these questions apart from specific projects. For some purposes grants would clearly be made; for others loans would be more appropriate. To take extreme examples, wheat would be supplied on a grant basis, while the construction of a privately owned paper mill would be financed by a loan. Mr. Plumptre emphasized, however, that we had not the slightest intention of trying to drive a hard bargain over the form of Canadian aid. That was not our feeling or attitude at all. The terms and conditions of loans would not be onerous; they would be designed to enable a recipient country to meet interest and capital payments without undue difficulty.

4. Though Mr. Plumptre did not say so to Mohammed Ali, the primary reason for the inclusion of the loan concept in our thinking is to increase the recipient country's share of responsibility in development projects. It is obviously highly important that Colombo Plan funds should be used efficiently for useful and economically sound projects. The extension of loans, in appropriate cases, rather than grants would give the recipient country a heightened interest in ensuring that the projects to be undertaken were economically sound from their own point of view. Some interesting information on U.S. policies and experience in regard to the extension of economic assistance was contained in WA-2499 of June 12,† a copy of which was referred to your Mission.

5. Mr. Plumptre explained the purpose and value of counterpart funds. In this connection I am enclosing an interesting extract on counterpart funds taken from pages 48 and 49 of Mr. Paul Hoffman's book *Peace Can Be Won*.[38]

6. The forthcoming discussions with officials from India and Pakistan were recently given consideration by the Interdepartmental Committee on External Trade Policy and it was agreed that the form of the Canadian contribution should be

[38] Voir/See Paul G. Hoffman, *Peace Can Be Won*, Garden City, N.Y., Doubleday, 1951.

determined on an ad hoc basis in the light of as much information as could be obtained on individual projects.

H.O. MORAN
for Under-Secretary of State
for External Affairs

577. DEA/11038-40

Note du chef de la Direction économique

Memorandum by Head, Economic Division

[Ottawa], June 25, 1951

For Mr. A.J. Pick:

COLOMBO PLAN — POLITICAL PURPOSES OF CANADIAN PARTICIPATION

I had a very interesting talk with Bryce on this subject this morning.[39] He in turn had been talking to Deutsch and Wolfson about it and had rather got the impression that they regarded Canadian participation in the Colombo Plan as an economic enterprise with the emphasis on the actual economic results in India and Pakistan rather than an emphasis on the political advantages to Canada which was putting up the money. I said I thought our Department was aware of the essentially political nature of the operation and believed that Deutsch felt the same, although I was not so sure about Wolfson. In any case our Department, from the Under-Secretary down, was aware of the importance that we should give guidance and leadership.

2. While putting up this defence against Bryce's charges I was nevertheless very interested in some of the specific suggestions he threw out. For instance he asked such questions as the following:

How far were we merely trying to convince the Indian Government, or the Indian bureaucracy, of Canada's interest in them, and how far were we trying to go beyond the Government bureaucracy to persuade (a) Provincial Governments and (b) the public of our interest? Bryce noted the fact that the new Indian High Commissioner had not bothered to sit in on our current meetings, leaving the matter to Banerjee. He thought this was a great mistake (although I explained the circumstances.) Had we thought of increasing our publicity in India? Was our Information Division on the job? Were the Department's increased expenditures on information abroad likely to be channelled in this direction? Was the Film Board going to be used?

3. We might have a talk about these matters some day very soon.[40]

A.F.W. PLUMPTRE

[39] Note marginale :/Marginal note:
Mr Reid these points are well taken A.D.P.H[eeney] June 27

[40] Note marginale :/Marginal note:
Mr LePan What do you think? E.R[eid] June 27/51

578. DF/800-6ESC-13-1

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

DESPATCH NO. E-1025 Ottawa, July 23, 1951

CONFIDENTIAL

COLOMBO PLAN DISCUSSIONS HELD IN OTTAWA JUNE 21ST TO 28TH

I enclose herewith a copy of a letter and enclosures dated July 23rd to the High Commissioner for India in Ottawa following up the Colombo Plan discussions with Mr. Sundaresan held from June 21st to 28th. The enclosures consist of minutes of the initial and final meetings. Numerous documents relating to the discussions are attached as annexes to the minutes of the June 28th meeting.

2. This documentation gives a fairly detailed picture of what transpired at the meetings. The discussions were cordial and useful but did not really go beyond the exploratory stage. A good deal more information, both general and specific, about individual projects is now needed. Basically we wish to be as sure as possible that any material or equipment supplied for capital development is put to good use within a reasonable period of its receipt. In the present tight supply situation in Canada we cannot afford to produce, say, a generator which might not be used for many months after its arrival in India because the project for which it was designed has fallen behind schedule, or because its whole future is obscure.

3. We, therefore, wish to know the degree of commitment by the Indian Government to any given project, as well as to obtain an assessment of the project's relative importance and urgency. We want to supply first the things which are needed first and which will be put to effective use. To do so we need information, not only on the stage reached in any project and its prospects for completion, but also on whether it is well conceived, sound economically and will, in fact, fulfil the purpose for which it is intended. Section VI of the minutes of June 28th gives additional information about our position in this general connection.

4. As the minutes indicate the hydro-electric power projects proposed in the Indian list emerged as the most promising of the suggestions which were discussed. These projects are shown as Nos. 3, 5, 6, and 7 in the list given in Annex C† to the June 28th minutes. Preliminary examination indicated that the Umtru project is perhaps the most acceptable from our point of view. A list of questions on the Umtru and Hirakund projects is attached as Annex D.† However, additional information along the lines already indicated is required for all these hydro-electric projects.

5. The Indians have undertaken to supply us with some additional information but we also wish to enlist your help in order to obtain the most unbiased and balanced appraisal possible. This will be, of course, a difficult and delicate task. It is also, however, a very important one. It has been agreed here, by the Department of Trade and Commerce and the other Departments concerned, that it might be useful

if Mr. R.F. Renwick, our Commercial Secretary at Bombay, could visit those of the projects referred to in paragraph 4 which have already been undertaken in order to obtain, as far as possible, the answers to the questions which we have in mind.

6. Complementary information on the place of each of the four projects in overall plans, its reputation and its significance in the eyes of the Indians, should be obtained in New Delhi. We want, of course, an independent and rounded appraisal. In this connection we assume that different views on the same project may be held in different quarters in the Indian Government. The Indians know that we may be asking you to assist us in obtaining the information required. We wish, of course, to leave it to you to judge how far it is wise to go, in view of all the considerations involved, in attempting to arrive at the most realistic possible appraisal of any given project.

7. The sooner we can obtain this information the better are the chances of using funds during the present fiscal year for development projects, rather than foodstuffs or raw materials. In this general connection we would like to have an appreciation of the significance of the projects under investigation insofar as they may be expected to provide tangible and enduring evidence of Canadian interest in Indian welfare.

8. You will gather from the minutes that the question of loans and grants was discussed fully. The following points are fundamental to our position in this regard:

(a) Whether a specific project is appropriate for loans will depend on the extent to which it is self-financing, on its effects on the foreign exchange position of India, and in a multi-purpose scheme on whether there are, for instance, significant sales of power for non-irrigation purposes. Loans would not be made with any idea of deriving commercial advantage on our part.

(b) Loans would, however, give the recipient a greater share in the responsibility for and the sound management of a project.

(c) We wish to avoid giving grants for the same sort of projects that might be eligible for loans from the International Bank or Export Import Bank.

(d) The recent U.N. report on the economic development of under-developed countries recommended the division of inter-governmental assistance into loans and grants according to the same sort of criteria that we have in mind.

(e) The United States Government has formulated a similar division between grants and loans.

(f) Finally, even with the best of good-will the Canadian Government clearly does not wish to become regarded as a source of free funds for the establishment of even quasi-commercial enterprises in Asia or anywhere else. It is important for the recipient countries to know that it is not easy for the Canadian Government to finance, probably by means of outright grants, the construction of roads, harbours and irrigation systems in Asia, when such undertakings are put off year after year in Canada for lack of funds. When it comes to setting up commercial enterprises which might perhaps produce competitive exports or reduce imports it should be borne in mind that the Government does not make a gift of capital equipment to would-be Canadian manufacturers and exporters.

9. The existence of these factors should not be taken as a reflection on our support for the Colombo Plan. On the contrary we want to make sure so far as Canada is concerned that the Plan moves forward on a realistic and sound basis and that Canadian assistance is used as effectively as possible. The importance of doing so in relation to the prospects for support for the Plan in future years is obvious.

10. Your Mission will have received a copy of a letter from Trade and Commerce to Mr. Renwick advising him that he might be asked to visit some of the projects which were discussed at the meetings here. We would be grateful if you would now make the necessary arrangements with Mr. Renwick so that he may visit those of the hydro-electric projects which you both consider could be usefully investigated on the spot. The coordination and timing of Mr. Renwick's investigation with the general approach to the Indian authorities in New Delhi are matters for your decision. You may, of course, consider it desirable for Mr. Renwick to assist in obtaining the general information about the projects which we hope can be secured in New Delhi.

H.O. MORAN
for Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire de l'Inde

Under-Secretary of State for External Affairs to High Commissioner of India

Ottawa, July 23, 1951

Dear Mr. Saksena:

I am enclosing, herewith, three copies of the minutes, in final form of the initial and final Colombo Plan meetings held with Mr. Sundaresan and representatives of your office. Numerous documents relating to the discussions are attached as annexes to the minutes of the June 28th meeting.

The minutes are intended to cover the main features of the discussions with regard to the financial arrangements for the use of Canadian assistance, the specific projects under consideration, and the supply position in Canada. Some parts of the discussion summarizing the position reached at the close of the meetings are referred to below for convenience.

Towards the end of the discussions Mr. Plumptre said that circumstances might be such as to cause this year's programme to consist mainly of foodstuffs and materials and that the balancing item might, therefore, be the purchase, out of the Canadian contribution, of wheat supplied under the International Wheat Agreement or otherwise. The order of priority for Canadian aid should, however, remain — capital development first, then foodstuffs and finally raw materials.

Mr. Plumptre went on to say that it was necessary to determine now (a) the status of specific projects, their nature, progress and prospects, and the urgency of one against another, and (b) the supply position in Canada in relation to what was needed in order to complete or undertake individual projects.

Earlier in the discussion on June 28th Mr. Deutsch mentioned some questions which indicate the sort of information needed about particular projects. What stage had been reached in the project? How far was it from completion? Where did it fit into the over-all plans for development? How urgent was it? How did it compare in urgency with other projects?

Mr. Deutsch said that by and large the Canadian economy was fully employed and a special effort which the Canadian authorities were prepared to make would be necessary to meet development needs under the Colombo Plan. However, the production, for example, of a generator which might not be put to use for two or three years could not be afforded at this time. The things that were needed first should be produced first. When more information on individual projects together with specifications was received it would be possible to determine definitely if and when the requirements could be supplied. This information would also enable us in our examination of these projects to determine where loans are applicable and where grants are appropriate.

The Canadian authorities, Mr. Deutsch continued, were definitely interested in making available the things needed for development projects and were prepared to work with the Indian authorities in order to secure the information required. In this connection assistance could be sought from the Office of the Canadian High Commissioner in New Delhi.

Mr. Sundaresan indicated at the conclusion of the discussions that the Indian authorities would furnish the Canadian authorities with as much information as possible on individual projects. In view of our mutual aim to reach agreement as quickly as possible on development projects to receive Canadian assistance, we are looking forward to receiving the needed information from the Indian authorities as soon as possible. We are, as you know, looking into the matter which you raised on July 11th of supplying railway equipment to India under the Colombo Plan.

Yours sincerely,

[A.D.P. HEENEY]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Procès-verbal d'une réunion avec les représentants de l'Inde

Minutes of Meeting with Representatives of India

RESTRICTED [Ottawa], June 21, 1951

COLOMBO PLAN

Present:

Mr. A.F.W. Plumptre, Department of External Affairs, (Chairman).
Mr. N. Sundaresan, Deputy Governor of the Reserve Bank of India.
Mr. P.K. Banerjee, Office of the High Commissioner for India.
Mr. G.R. Heasman, Department of Trade and Commerce.
Mr. J.J. Deutsch, Department of Finance.
Mr. H.L. Wolfson, Department of Finance.
Mr. C.L. Read, Department of Finance.
Mr. W.E. Scott, Bank of Canada.
Mr. A.J. Pick, Department of External Affairs.
Mr. H.H. Wright, Department of External Affairs, (Secretary).

1. *The Chairman* after introducing the Canadian officials and indicating the division of responsibility between the Departments primarily concerned with the Colombo Plan, suggested that the proposed master agreement should be discussed.

2. *Mr. Plumptre* said that a general plan for financial agreement was outlined in the draft text of the master agreement. Under it individual financial agreements would be concluded for specific projects. The master agreement had been drawn up in reply to an enquiry received from the Pakistanian Authorities asking if Canadian aid would be in the form of grants or loans, if loans were included what the rate of interest would be and if counterpart funds would be required. Provision in the master agreement for loans had not been included with any fixed ideas in regard to rates of interest, repayment or other conditions.

3. *Mr. Sundaresan* noted that preparation of the draft master agreement had been related to an enquiry from Pakistan. Broadly speaking there did not appear to be objection to the draft agreement which seemed flexible.

II. COUNTERPART FUNDS

4. *Mr. Sundaresan* said as regards grants, the Indian Authorities had, themselves, intended to set up rupee counterpart funds. The draft agreement raised, however, some important questions of procedure. The Indian Government maintained comprehensive economic controls and did not wish to take any steps which might have inflationary implications. The timing, therefore, of the establishment of counterpart funds was important. The draft master agreement suggested that counterpart funds be set up immediately upon notification being given of Canadian expenditure having been incurred. It might be better to defer setting up a counterpart fund until rupees started to accrue from the sale in India of the goods made available by grants. The Indian Government wished to spend the aid wisely and also avoid increasing inflationary pressures. What exactly was contemplated in the way of

counterpart funds? What statements should be prepared; in what form and when should they be submitted?

5. *Mr. Deutsch* said it was contemplated that where grants were concerned, counterpart rupee accounts would be established in India equivalent in value to the costs in dollars incurred by the Canadian Government. The prices at which such goods are distributed in India would be no concern of the Canadian Government. Whether $5 million worth of wheat is sold in India for the equivalent of say $4 million or $6 million is a matter solely for the Indian Government. In each case the counterpart fund would be credited with the rupee equivalent of the costs to the Canadian Government, in this instance $5 million.

Details regarding the actual establishment of such counterpart funds and the use thereof could be worked out when specific grants are extended. These arrangements could be flexible and take into consideration a problem which Mr. Sundaresan had mentioned, namely the desire of the Indian Government to create the counterpart funds simultaneous with the receipt of the proceeds of such consumer goods as they might have received for sale in India.

The Colombo Plan was designed to assist capital development. If, therefore, external financial aid was used to supply consumer's goods in the first instance, an equivalent amount in local currency must ultimately be reflected in economic development programmes rather than consumption.

6. *Mr. Sundaresan* said that for the present, he had no comments to offer and expressed the view that it was important that the Master Plan should not be too rigid.

III. LOANS

7. *Mr. Sundaresan* said the Indians were under the impression that the aid would be in the form of grants and that the introduction of loans under the Colombo Plan would complicate India's external financial arrangements. India was already obligated to the World Bank and might be securing additional outside assistance from the Export-Import Bank. Intergovernmental loans appeared to be outside the ambit of the Colombo Plan. They were unwise politically and might create the wrong impression if they became associated with the Canadian contribution at the beginning of the Colombo Plan.

8. *Mr. Deutsch* explained that the matter of loans was not approached from any rigid point of view. The connection between possible Colombo Plan loans and India's relations with the International Bank and Export-Import Bank was appreciated. There was no intention whatever of pressing loans on the Indian Government and it had never been contemplated that a predetermined proportion of the Canadian contribution to India would be used for loans. The form of the aid was a matter for mutual agreement and would depend on the nature of the project to be undertaken. Some projects would be eligible for grants and others for loans. To take extreme examples for the sake of illustration; wheat would obviously be made available on a grant basis, whereas a newsprint mill would be eligible for a loan. The form of aid for projects which fall in between the clearly defined extremes would be approached on an individual basis and would be a matter for mutual agreement. If it proved difficult to reach agreement on the method of financing any

particular project, then another project could be taken up which provided a better basis for mutual agreement. It was possible that all projects selected would be eligible for grants and that no loans would be extended this year.

9. *Mr. Sundaresan* asked how much of the total Canadian contribution of $25 million for the first year of the Plan was expected to be used for assistance to India.

Mr. Deutsch replied that the Canadian contribution to India for the fiscal year 1951-52 was expected to be in the order of $15 million.

10. *Mr. Sundaresan* questioned if both loans and grants could be included in the same vote in parliamentary estimates and asked how long funds voted in either form would remain available to the Government of India.

Mr. Deutsch explained that the vote for the Colombo Plan contribution was worded to cover both grants and loans. It would, therefore, be possible for Parliament to approve of either form of assistance.

As Mr. Sundaresan knew all government expenditures proposed for each fiscal year had to be approved by Parliament. Unused funds automatically lapsed at the end of a fiscal year with the vote appropriating them. In the case of an undertaking such as the Colombo Plan there would, however, be a presumption that unexpended funds ear-marked for a project would be re-voted. But anything might happen and no guarantee could be given that unspent money for grants would be carried over from one fiscal year to the next. This was, however, only true of contributions made as grants. In the case of loans, the funds voted could be set aside in a bank account in the name of the Government of India and would be available on the basis of mutual agreement between the Governments of India and Canada in accordance with the terms and conditions of the loan agreement.

11. *Mr. Wolfson* pointed out that the inclusion of loans under the master agreement broadened the list of projects which could be undertaken with Canadian aid. One of the criteria for loan financing would be the effect, direct and indirect, of the proposed project on the foreign exchange position of the recipient country. It was intended that the servicing of any loans extended would not be burdensome. Their object was to have a beneficial effect on the economy due regard being had to the country's existing external obligations.

12. *The Chairman* said that two points should be made clear. First, the inclusion of loans was intended to expand the scope of the possible uses of the Canadian contribution. Secondly, there was no intention of dividing the amount of the Canadian contribution between grants and loans; the Canadian authorities would be quite satisfied if the list of projects agreed for Colombo Plan support from Canada were made up entirely of those which they considered eligible for grants.

13. *Mr. Sundaresan* asked what types of undertaking would qualify for grants and what would be eligible for loans.

14. *Mr. Deutsch* replied that the nature of each project would be the deciding factor but that there were certain broad criteria regarding the types of undertakings which would be eligible for each form of assistance.

Consumer goods for direct distribution such as food stuffs and clothing would qualify for grants. General development of a basic character in the fields of health,

education, agriculture and construction with little or no revenue producing aspect but which would add to the general productivity and welfare would also qualify for grants.

Projects which in themselves were expected to be financially self-supporting or which had favourable foreign exchange implications would be eligible for loans.

15. *Mr. Sundaresan* indicated that he would not expect the assistance to be extended other than on a mutually satisfactory basis.

It was agreed that a preamble to the master agreement should be drafted to give expression to the spirit of amity and the will to co-operate which lie behind the Colombo Plan.

H.W. WRIGHT
Secretary

[PIÈCE JOINTE 3/ENCLOSURE 3]

Procès-verbal d'une réunion avec les représentants de l'Inde

Minutes of Meeting with Representatives of India

RESTRICTED [Ottawa], June 28, 1951

COLOMBO PLAN

Present:

Mr. A.F.W. Plumptre, Department of External Affairs, (Chairman).
Mr. N. Sundaresan, Deputy Governor of the Reserve Bank of India.
Mr. D.R. Kawatra, Office of the High Commissioner for India.
Mr. G.R. Heasman, Department of Trade and Commerce.
Mr. J.J. Deutsch, Department of Finance.
Mr. H.L. Wolfson, Department of Finance.
Mr. C.L. Read, Department of Finance.
Mr. W.E. Scott, Bank of Canada.
Mr. A.J. Pick, Department of External Affairs.
Mr. A.G.S. Griffin, Department of External Affairs.
Mr. H.H. Wright, Department of External Affairs, (Secretary).

I. PUBLICITY

The Chairman suggested that similar press releases should be issued in Ottawa and New Delhi at the conclusion of the discussions.

1. *It was agreed* that a press release would be issued in Ottawa on Friday, June 29th, and that a similar statement would be issued in India. (A copy of the Canadian press release† is attached).

II. DRAFT MASTER AGREEMENT

The Chairman distributed for discussion a redrafted text of the master agreement. (A copy of the text as distributed is attached as Annex A. The final draft as it emerged from the meeting is attached as Annex B.)

2. *Mr. Sundaresan* enquired about the significance of the words "sold or otherwise distributed by the Indian Government" in the first sentence of paragraph 3(a) which before revision read as follows:

"(a) Grants: In any specific programme under which goods financed by grants from the Canadian Government are sold or otherwise distributed by Indian Government "counterpart funds" will normally be set aside."

3. *Mr. Sundaresan* asked what the position would be under the wording in respect of counterpart funds if the Indian Government should make a gift to a state government of goods from Canada. In such a case it had appeared from previous discussions that counterpart funds might not be required.

4. *Mr. Plumptre* said that the word "distributed" was intended to make it clear where grants were concerned that the prices at which goods were distributed on the Indian market was no concern of the Canadian Government.

5. *It was agreed* after discussion that the phrase in question should be changed to read "sold or otherwise distributed to the Indian public". *It was further agreed* that the word "public" should be interpreted to include individuals, corporations and municipalities.

6. *Mr. Sundaresan* enquired if freight charges on goods shipped under the Plan would be paid out of the Canadian contribution.

7. *Mr. Deutsch* said that freight charges might possibly be paid out of the Canadian contribution. If that were done the funds available for development would, of course, be reduced by the amount of the freight charges. The rupee equivalent of the amount paid out of the contribution for the shipment of goods from a Canadian port to the port of arrival in India would be deposited in the counterpart fund. Canadian foreign exchange controls would bar the use of Canadian dollars to pay freight charges in U.S. dollars.

8. *Mr. Sundaresan* suggested that the Comptroller and Auditor General of India should supply a certificate from time to time in connection with the counterpart accounts.

9. *Accordingly it was agreed* that the last sentence of paragraph 3(a) should be split into two sentences to read as follows: "The Government of India will from time to time report to the Government of Canada the position of this account and will supply a certificate from the Comptroller and Auditor General of India in this regard. The two governments will from time to time agree on the economic development projects in India to be financed from this account".

10. *It was also agreed* that other verbal changes should be made which are incorporated in Annex B.

III. MINUTES OF THE FIRST MEETING

11. *The Chairman* explained that the minutes of the first meeting were intended to cover only the salient points of the discussion. He invited Mr. Sundaresan to submit any revisions that should be made in the record of his remarks and also asked for other comments on the minutes.

12. *Mr. Sundaresan* expressed doubts about the impression which would be given by the wording, particularly the expression "commercial character", used in the last

sentence of paragraph 14 which before revision read: "Projects of a commercial character which were expected to produce revenue and which had favourable foreign exchange implications would be eligible for loans".

He said that the political objectives of the Colombo Plan should be kept to the forefront and that initial projects should be undertaken on a basis that would avoid the possibility of misunderstanding in India. Economic development made possible by aid should not be held in check by restrictive terms.

13. *Mr. Deutsch* referring to the wording in question said there might be some cases where the commercial aspect of a project would be incidental to its main purpose. For example, where the dominating purpose of a hydro-electric development was to lift water either for irrigation, flood control or to raise agricultural capacity, there might be an incidental sale of electricity. In such a case the project might qualify for a grant. If, however, the dominating purpose of a hydro-electric development was to produce electricity to be sold commercially, the project would be eligible for a loan rather than a grant.

14. *It was agreed* after discussion that the wording in question should be changed to read: "Projects which in themselves were expected to be financially self-supporting or which had favourable foreign exchange implications would be eligible for loans".

It was further agreed that the third sentence in paragraph 14 should be amplified to read: "General development of a basic character in the fields of health, education, agriculture and construction with little or no revenue producing aspect but which would add to the general productivity and welfare would also qualify for grants." This sentence originally read as follows: "General development of a basic character in the fields of health, agriculture and construction with no revenue producing aspect but which would add to the general productivity would also qualify for grants."

15. *Mr. Sundaresan* asked if some of the Canadian dollars from the contribution could be used to make purchases outside Canada in order to complete a development project.

16. *Mr. Deutsch* replied that it had not been contemplated that Canadian aid under the plan would be spent in other countries. But in certain circumstances, that eventually would not be ruled out. The Canadian Authorities would be prepared to give consideration to the expenditure outside Canada of a relatively small amount from the Canadian contribution in order to complete an essentially Canadian project.

IV. REPORT ON PROJECTS

17. *Mr. Plumptre* said he would comment very briefly and in general terms on the Canadian attitude with regard to the projects which had been under discussion. They fell into six classes;

(i) Education. It was, of course, for the Indian Authorities to determine the character of future developments in this field but assistance for education headed the list in the Canadian view.

(ii) Irrigation and Power. Proposals in this field were definitely of interest. Additional information on the projects which had been discussed was, however, needed before further progress was possible. This additional information in regard to particular projects should include (a) general progress and prospects (b) specifications and material requirements.

(iii) Pulp and Paper Mill, Madhya Pradesh. Certain misgivings were felt in regard to both the supply and commercial aspects of this project.

(iv) Motor Transport. No Comment. Mr. Heasman would deal with this item.

(v) Food stuffs, and

(vi) Industrial materials.

As between the last two items the Canadian Authorities would prefer to supply food stuffs which would go direct to the people of India.

If items (iii) and (iv) were put at the bottom of the list the classes would appear in order of priority.

18. *Mr. Heasman* said he would review briefly the position with respect to individual projects. As a result of the discussions the items "small wooden fishing trawlers and tugs" and "cement plant" had definitely been ruled out of the Canadian list and "motor transports" would probably be discarded. The remaining projects in the Canadian list were included in the Indian list and he would comment on that list. (Copies of both lists are attached as Annex C).

Project 1—Western and Eastern Higher Technical Institutes.

Should the Indian Authorities consider at some future date that the time had come to proceed with Western Technical Institute, the project would be of interest. Without specific additional information it was impossible to say whether the needed equipment could be procured in Canada. Among the questions asked by the Canadian technicians were the following: What types of machine tools were required? Had any of the equipment been ordered? What standards were to be adopted, U.S. or U.K.?

Project 2—National Newsprint and Paper Mills, Madhya Pradesh.

Much fuller information was needed on whole position in respect of this project before consideration could be given to the question of assistance. This information should include specifications of the machinery needed and a clear indication of the prospects for the successful completion and operation of the project. As a commercial enterprise this project would not appear to qualify for a grant.

Project 3—Transmission Lines, Tower Testing equipment, transformers and pumping sets for Hirakund Project.

and

Project 6—Hydroelectric Plan for Umtru Hydroelectric Project, Assam.

The attached list (Annex D) of questions concerning these two projects was submitted to Mr. Sundaresan. Of the hydroelectric power developments under discussion the Umtru Project appeared to be of the greatest interest from the Canadian point of view.

Project 4—Laboratory outfit for hydraulic tests for Central Waterpower Irrigation and Navigation Research Station, Poona.

It was difficult to know what might be obtainable in Canada for this project without further details. There was little research work done in Canada in this field and the technicians here were puzzled about the nature and purpose of the project.

19. *Mr. Wolfson* enquired if the Indian Authorities contemplated developing less advanced training schools and demonstration units in agriculture and mechanics. He expressed the view that educational assistance would be most effective if it were less advanced in character. In agriculture, the widest possible dissemination of skills and methods that could be absorbed at the prevailing level should be given a very high priority among the possible uses for aid.

Project 5—Power Plan for Tungabhadra Power Project, Hyderabad side.
and

Project 7—Mayarakshi Dam Project.

20 *Mr. Heasman* advised that both these projects are possible on the supply side. Very small units were required. Counterpart funds could be used for the construction of these projects. The questions pertaining to the Hirakund and Umtru projects were also generally applicable in these cases.

Project 8—Godavari North Canal Project.

No foreign exchange was required for this project which could be financed with counterpart funds.

V. MATERIALS AND MOTOR TRANSPORTS

Aluminum—High tension aluminum wire for hydroelectric transmission lines could probably be obtained.

Asbestos—A small quantity of asbestos might be made available. Its availability would depend on the use to which it was going to be put. Asbestos was not being used in Canada to make asbestos cement sheets and it would be difficult to justify supplies for India for that purpose. Asbestos was very scarce and any supplied to India would reduce the allocation to some other user.

Wheat—The position would be considered when the new Canadian crop came in.

Motor Transport—Perkins Diesel engines were required by the Bombay State Government. These were not manufactured in Canada. It was unlikely that the type of chassis required could be supplied. A much larger number of the special chassis than was required by the Bombay State Government would have to be ordered before their manufacture would be economically feasible. Gasoline trucks were, however, available.

VI. GENERAL POSITION

21. *Mr. Deutsch* said that without more information it was not possible to say what individual projects could be undertaken with Canadian assistance. The following questions indicated the sort of information needed about particular projects: what stage had been reached in the project? How far was it from completion?

Where did it fit into the over-all plans for development? How urgent was it? How did it compare in urgency with other projects?

By and large the Canadian economy was fully employed and a special effort which the Canadian Authorities were prepared to make would be necessary to meet development needs under the Colombo Plan. However, the production, for example, of a generator which might not be put to use for two or three years could not be afforded at this time. The things that were needed first should be produced first. When more information on individual projects together with specifications was received it would be possible to determine definitely if and when the requirements could be supplied.

The Canadian authorities were definitely interested in making available the things needed for development projects and were prepared to work with the Indian authorities in order to secure the information required. In this connection assistance could be sought from the Office of the Canadian High Commissioner in New Delhi.

At this stage two alternative methods of proceeding appeared to be open. Either, immediate action could be taken to secure the necessary bill of particulars, or, consideration could be given to using the contribution for the first year largely for wheat and other consumer goods. In the latter case the resulting counterpart funds would, of course, be available for development projects.

22. *Mr. Sundaresan* said he recognized the practical difficulties involved. However, he doubted at the rate governments worked, if the bill of particulars would be forthcoming in time to utilize funds from this year's contribution for development projects.

The position should be considered from the political point of view. The public might well fail to understand the reasons for the delay which might create an unfortunate impression.

23. *Mr. Plumptre* said that a large part of this year's contribution might have to take the form of food stuffs and materials. The objective, however, should be to minimize the amount of aid given in that form. The order of priority for Canadian aid should remain — capital development first, then food stuffs and finally raw materials.

It was necessary now, to determine (a) the status of specific projects, their progress and prospects and the urgency of one against another, and (b) the supply position in Canada in relation to what was needed in order to complete or undertake individual projects. It would, for instance, be useful to know if the Indian Authorities were planning to proceed with a particular project whether or not aid was forthcoming, as that would give an indication of its urgency.

For this year's programme the balancing item might well be wheat. Funds from the contribution which were not used to finance economic development or to supply materials or consumer goods would be available for the purchase of wheat supplied under the International Wheat Agreement or otherwise.

24. *Mr. Sundaresan* said that as much information as possible on individual projects should at the Indian end be put down on paper. A good deal of preparatory

work could probably be done before a technician from India could usefully make the trip to Canada. They would, however, not hesitate to send a technician to Canada at the appropriate time.

25. *The Chairman* in his concluding remarks said that it had been a great pleasure for the Canadian officials concerned to know and work with Mr. Sundaresan and that they were hoping to have the opportunity of working with him again in the future.

H.H. WRIGHT
Secretary

The briefs on individual projects supplied by Mr. Sundareson are also attached as Annexes. These are numbered from 1 - 8 to correspond with the No. of the project as listed in Annex c. Annex 9 is a brief on Road Transport.

[ANNEXE A/ANNEX A]

Deuxième projet

Second Draft

[Ottawa], June 27, 1951

COLOMBO PLAN

MASTER AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF INDIA

Preamble

The Governments of Canada and India, together with other governments, took part in London in 1950 in drawing up the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The Governments of Canada and India now desire to co-operate for their mutual benefit, and in particular for the achievement of the purposes of the Colombo Plan, by promoting the economic development of India. Therefore the Governments of Canada and India are now joining in this agreement which shall govern the general terms under which economic aid from Canada will be provided to India for the purposes of the Colombo Plan, and according to which supplementary agreements may be made to cover specific programmes.

Agreement

The Governments of Canada and India agree as follows:

1. All economic aid supplied under the Colombo Plan shall be subject to specific programmes of goods and services and these specific programmes shall be drawn up and agreed from time to time between the Government of Canada and the Government of India. Similarly, agreement will be reached on the methods of procurement and transfer.

2. In order that Canadian aid may cover various types of projects, various forms of financing may be used; in particular, Canadian aid will be available on either a

grant or a loan basis, depending on the nature of each specific programme and the uses to which the goods and services supplied under it are put.

3. The particular terms and conditions of each specific programme will be a matter for agreement between the two governments, subject to the following general provisions:

(a) Grants: In any specific programmes under which goods financed by grants from the Canadian Government are sold or otherwise distributed by the Indian Government "counterpart funds" will normally be set aside. The Indian Government will set up a special account for these funds and will keep separate records of the amounts placed in the account in connection with each specific programme. It will pay into this account the rupee equivalent of the Canadian expenditures on all goods and services supplied under the Plan. The Government of India will from time to time report to the Government of Canada position of this fund and the two governments will agree on the economic development projects in India to be financed from it.

(b) Loans: For the specific programmes which are agreed to be appropriate for financing by means of loans the terms of the loans will be determined by the two governments. These terms will relate primarily to the commercial character of the particular project in question, to its anticipated earnings, and to its anticipated effects on the foreign exchange position of India.

[ANNEXE B/ANNEX B]

Projet final

Final Draft

[Ottawa], June 27, 1951

COLOMBO PLAN

MASTER AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF INDIA

Preamble

The Governments of Canada and India, together with other governments, took part in London in 1950 in drawing up the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The Governments of Canada and India now desire to co-operate for their mutual benefit, and in particular for the achievement of the purposes of the Colombo Plan, by promoting the economic development of India. Therefore the Governments of Canada and India are now joining in this agreement which shall govern the general terms under which economic aid from Canada will be provided to India for the purposes of the Colombo Plan, and according to which supplementary agreements may be made to cover specific programmes.

Agreement

The Governments of Canada and India agree as follows:

1. All economic aid supplied from the one to the other under the Colombo Plan shall be subject to specific programmes of goods and services and these specific programmes shall be drawn up and agreed from time to time between the Government of Canada and the Government of India. Similarly, agreement will be reached on the methods of procurement and transfer.

2. In order that Canadian aid may cover different types of projects, different forms of financing may be used; in particular, Canadian aid will be available on either a grant or a loan basis, depending on the nature of each specific programme and the uses to which the goods and services supplied under it are put.

3. The particular terms of each specific programme will be a matter for agreement between the two governments, subject to the following general provisions:

(a) Grants: In any specific programmes under which goods financed by grants from the Canadian Government are sold or otherwise distributed by the Indian Government "counterpart funds" will normally be set aside. The Indian Government will set up a special account for these funds and will keep separate records of the amounts placed in the account in connection with each specific programme. It will pay into this account the rupee equivalent of the Canadian expenditures on all goods and services supplied under the programme. The Government of India will from time to time report to the Government of Canada the position of this account and will supply a certificate from the Comptroller and Auditor General of India in this regard. The two governments will from time to time agree on the economic development projects in India to be financed from this account.

(b) Loans: For the specific programmes which are agreed to be appropriate for financing by means of loans the terms of the loans will be determined by the two governments. These terms will relate primarily to the commercial character of the particular project in question, to its anticipated earnings, and to its anticipated effects on the foreign exchange position of India.[41]

579.

DEA/11038-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

DESPATCH E-532

Ottawa, July 24, 1951

CONFIDENTIAL

Reference: Your Telegram No. 110 dated July 10th.†

[41] Voir Canada, *Recueil des traités*, 1951, N°. 25./See Canada, *Treaty Series*, 1951, No. 25.

COLOMBO PLAN DISCUSSIONS HELD IN OTTAWA JULY 5TH AND 6TH 1951

Thank you for your reference telegram reporting on your conversation with Ikramullah about the Colombo talks here with Mohammed Ali, Said Hasan and Amjad Ali. These discussions held on July 5th and 6th consisted of two meetings of a preliminary and exploratory character and they are to be resumed on August 2nd. By then it is hoped that enough additional information will be available on possible projects and on the supply position in Canada to provide a basis for more definite progress. For convenient reference I am enclosing an additional copy† of the July 6th Press Release on the discussion which you will have already received.

2. The proposed master agreement on financial arrangements for Canadian aid to Pakistan was first discussed. The text of the master agreement which had been tentatively agreed on with the Indians was put forward as a basis for discussion (see Annex B of the enclosed minutes of the June 21st discussion with the Indians). The Pakistanis agreed to submit this text (amended, of course, to apply to Pakistan instead of India) to their Government.

3. As was perhaps to be expected the Pakistani group resisted the idea that any of the projects which might be selected might be financed by loans rather than grants. Our position in this connection is dealt with in a letter dated July 26th to Mohammed Ali following up the discussions, a copy of which is enclosed. This letter is intended to take the place of detailed minutes of these preliminary discussions with the Pakistanis. Additional information on our views on the question of the form of Canadian assistance, which are generally applicable to Pakistan, is contained in the attached documents arising out of the discussions with the Indians (see particularly the minutes of the June 21st discussion and the penultimate paragraph of the enclosed copy of a despatch dated July 23rd to our High Commissioner in New Delhi).

4. The first project put forward by the Pakistanis was the Mianwali hydro-electric project (serial 48 in their development programme). Upon making enquiries, after the discussions, we found that this was one of the Pakistani projects already under consideration by the International Bank. We do not wish our activities under the Colombo Plan to overlap or conflict with the policies or activities of the Bank. For example, we do not wish to finance with a grant the same sort of project for which the Bank might extend a loan. We, therefore, do not expect to give further consideration to the Mianwali project at the forthcoming meetings, although the Pakistanis do not, of course, yet know what position we will be taking in this regard. The discussion at the first meeting about other possible projects is covered in the enclosed notes† prepared by the Department of Trade and Commerce.

5. At the end of the first meeting the Pakistanis submitted the enclosed "List of Priority Items".† The supply position in Canada in regard to the items in this list is dealt with in another set of notes† prepared by the Department of Trade and Commerce, a copy of which is enclosed. These notes were used as the basis for the discussion of these items at the second and final exploratory meeting. It is expected that some of these items and, in addition, projects in the field of agriculture and education will be discussed when the meetings are resumed.

6. The kind of information we wish to obtain about possible projects is indicated quite fully in the enclosed despatch of July 23rd to New Delhi and Section VI of the enclosed minutes of the June 28th discussion with the Indians.

7. At this stage it would appear premature to ask you to carry out investigations like those we have requested our Mission in New Delhi to undertake. However, after the forthcoming meetings with the Pakistanis we may be asking you to obtain information about specific projects. In the meantime any suggestions and comments, or information which you may already have in relation to the recent or forthcoming discussions would, of course be welcomed.

H.O. MORAN
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire du Pakistan

Under-Secretary of State for External Affairs to High Commissioner of Pakistan

Ottawa, July 26, 1951

Dear Mr. Mohammed Ali:

The purpose of this letter is to confirm in writing the action that it was agreed should be taken, as far as possible, before the resumption in Ottawa on August 2nd of the recent Colombo Plan discussions with you and your colleagues. This letter may perhaps be regarded as a substitute for detailed minutes of the recent meetings.

2. We agree with the view expressed by Mr. Said Hasan that it is desirable for outside assistance under the Plan to be used when possible in a way that will show the people of the under-developed countries that their friends abroad want to help them. In our view assistance for capital development projects should have priority over the supplying of raw materials. However, during the first year, particularly, of the Plan there are certain factors which will inevitably influence the kind of aid which it will be possible to extend. Two main difficulties cannot be overlooked in connection with supplying industrial equipment for development projects.

3. First, there is the physical difficulty of procuring the needed industrial components. The Canadian Government is prepared to ask producers here to make special efforts to meet Colombo Plan orders. However, with the defence programme added to the existing demands on the economy it will undoubtedly be more difficult than previously anticipated to meet Colombo Plan requirements.

4. Secondly, the form of the assistance (grant or loan) for individual projects is a matter for mutual agreement and should, of course, be based on the most thorough possible examination of all the aspects of any particular project. The key to the form of assistance should be the nature of each project, and the question of whether

a loan or a grant is appropriate can only be determined definitely on an individual basis.

5. There are, however, certain broad criteria indicating the types of undertakings which should be eligible for each form of assistance. Consumer goods for direct distribution would qualify for grants. General development of a basic character in the fields of health, education, and agriculture, with little or no revenue producing aspect but which would add to the general productivity and welfare, might also qualify for grants. Eligible for loans would be projects which were expected to be financially self-supporting or which had favourable foreign exchange implications. The terms and conditions of such loans might be quite liberal.

6. In accordance with the recent discussions we are looking forward to receiving, as soon as possible, as much additional information as can be supplied on the projects which were under discussion at the meetings. We will review the proposed projects in the light of all the available information and assess the supply situation in preparation for the renewed discussions.

7. In view, however, of present shortages in supply and the question of the appropriate form of assistance for each project, both of which apply particularly to industrial equipment, it appears that it would be useful if consideration were also given to projects in the fields of agriculture and education. In this sphere the supply situation will probably be less difficult and there is also a presumption, subject, of course, to detailed examination of individual projects, that most of the assistance extended could take the form of grants.

8. In regard to educational and agricultural projects there is an additional consideration which concerns counterpart funds. It is intended, as you know, that the establishment and use of counterpart funds should be a matter for discussion and agreement under the broad principles embodied in the master agreement. Their purpose is to ensure that outside assistance is ultimately reflected in economic development rather than consumption. Consequently, if grants in fields of agriculture and education were used for development of a basic character, counterpart funds might well be unnecessary. We would be glad to receive, as soon as possible, information about agricultural and educational projects which might be financed with Canadian assistance.

9. Finally, as you will recall, the remaining alternative suggested for the use of Canadian assistance this year was in the field of current imports. The financing, under the Plan, of part of Pakistan's current import requirements with Canadian assistance might be undertaken only if it were found impracticable to make other arrangements this year. Nevertheless, under this alternative Pakistan could, of course, use the resulting savings in her foreign exchange resources to finance development projects and in addition the accompanying counterpart funds would also be used for economic development.

10. In conclusion I would like to affirm our view that the recent cordial discussions have provided a good start for fruitful cooperation between Canada and Pakistan under the Colombo Plan. The Canadian officials concerned are looking with

much pleasure to meeting again with you and your colleague Mr. Said Hasan and Mr. Amjad Ali.

Yours sincerely,
A.D.P. HEENEY

580. DEA/11038-2-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Pakistan

Secretary of State for External Affairs to High Commissioner in Pakistan

DESPATCH E-565 Ottawa, August 17, 1951

CONFIDENTIAL

COLOMBO PLAN — PAKISTAN

We have already cabled you the news that our talks with the Pakistani representatives, which were resumed on August 9 and 10, were brought to a most satisfactory conclusion. A happy atmosphere prevailed throughout the talks. Complete agreement was reached both on the text of a "Master Agreement" to be recommended to Ministers and a list of economic development projects, totalling $10,000,000 for similar recommendation. It was possible to reach preliminary agreement on methods of administration.

"Master Agreement"

2. We had a few purely verbal changes to suggest in the text that had been discussed and agreed previously. (The Pakistanis had received ministerial approval of it). Since the Pakistanis were here our Legal Division have suggested two purely formal improvements. A copy of the text which is now being recommended to ministers here is attached to this despatch. Will you please get final approval of this text from the Pakistanis. For your convenience I also attach (a) the text† as agreed while the Pakistanis were with us and (b) an agreement† with the United States which our Legal Division used as a model when suggesting their formal improvements.

3. This agreement is to be put into effect by an exchange of Notes in Karachi. I attach a draft Note† for your use in this connection. This is also being submitted to ministers.

4. While the "Master Agreement" provides, on the one hand, for the possibility of counterpart funds and, on the other hand, for the possibility of loans, neither of these provisions will become effective in relation to the list of projects which is now being recommended to ministers. All of these projects were in the end considered to be eligible for grants (although one was marginal) and, since none of the goods to be supplied from Canada are to be sold to the public in Pakistan, the question of counterpart funds does not arise.

Relations with the International Bank

5. Both the Pakistanis and ourselves had been in touch with the International Bank during their visit to North America. In our recent meetings we pointed out Canada did not wish in any way to compete with the International Bank in supplying economic assistance, particularly because of Canada's close association with and support of the Bank since its inception. The Pakistanis reminded us that the Bank's criteria of credit worthiness were not the same as criteria of need. Further, they were attempting to use the funds available from each of the various external sources (Bank, Colombo Plan, etc.) in the most appropriate way, having regard to what could best be bought with the money available. Some things might best be bought in Canada even though the Bank were willing to cover them by a loan. In the end, however, it was agreed that in any case where the Bank was willing to finance a project it was better for all concerned for the Canadian funds available to Pakistan to be conserved for other purposes. In short Canadian aid would be supplementary to whatever might be supplied by the Bank.

Agreed Projects

6. The following projects were agreed for recommendation to ministers to be financed in the current fiscal year:

(a) Equipment for Thal Colonization project (dump trucks, motors, pumps, etc.) $2,500,000

Note: This project would be undertaken in collaboration with the International Bank which is expected to finance a substantially larger portion of it, including tractors of which only certain types are made in Canada. We have nevertheless undertaken to supply to the Pakistani a list of Canadian-made tractors.

(b) Cement Plant for Thal Colonization Project $3,500,000

Note: This was a top priority item with the Pakistanis. Ordinarily a cement plant would certainly only be eligible for a loan but in this case the plant is to be used in connection with urgently needed colonization work and will primarily be used for housing and other basic utilities. Hence we agreed to recommend it for a grant. Trade and Commerce is to employ a firm of consulting engineers; Pakistan engineers will then have to contact this firm so that agreement may be reached on specifications and tenders for construction subsequently called for.

(c) Experimental Live Stock Farm (to be carried out jointly with Australia and New Zealand; Canada to supply chiefly machinery and equipment) $ 200,000

Note: We told the Pakistani that we could not discuss this project with them. We had been invited by the Australians to take part and had agreed but the basis of our participation had not been settled. The figure of $200,000 was our own estimate of the machinery and equipment that might be supplied from Canada.

(d) Power Pumps for Irrigation Project in East Bengal (Colombo Plan Serial No. 22) $ 500,000

Note: We did not have very full information on this project but it was well advanced so that there would be no delays in spending the available funds and the pumps were almost certainly of a type that could be produced in Canada. Mr. Hasan undertook to send additional information from Washington.

(e) Harbour Equipment and Railway and Marine Workshop Equipment $1,000,000

Note: The Pakistanis emphasized the run-down condition of their transportation system and the urgent need for improving it.

(f) Railway ties (subject to further examination) $1,200,000

Note: It was known that Canadian firms had made tenders recently called for by the Pakistan Government for railway ties for this amount. American firms had probably tendered also. However, the Pakistanis felt sure that the Canadian supplies would be taken if financed under the Colombo Plan. This item is listed "subject to further examination" because, since the Pakistanis left, and in connection with our continuing consultations with the International Bank, a question has arisen in our minds whether it might not be better to substitute some other item.

(g) Miscellaneous (probably chiefly electrical equipment and aluminum transmission wire) $1,100,000

Note: The Pakistanis were most anxious that the total of the projects listed should add up to $10,000,000 and none of the specific projects listed below seemed immediately eligible for inclusion in the list. Hence it was agreed to include this "basket" item. The Pakistanis may well buy certain electrical equipment, possibly including radio receiving sets, and they are definitely interested in large quantities of aluminum transmission wire but are not certain as to the exact time when they will need it.

Total $10,000,000

7. We emphasized to the Pakistanis that agreement on a list, and approval by Ministers, would not automatically provide the supplies listed. Many obstacles would have to be confronted and, if possible, overcome: shortage of steel and other materials, differences of view regarding specifications and other practical matters, and possible delays of many sorts.

Other Projects

8. The following projects were discussed in detail but for one reason or another were not included in the present list. It should be emphasized that the present list may well have to be changed as the year moves forward. It may prove impossible to supply certain items; costs may differ widely from preliminary estimates. Both the Pakistanis and ourselves are most anxious to find appropriate projects so that the full sum of about $10,000,000 should be spent, or if not spent at least committed, by the end of the current Canadian fiscal year in March, 1952. Of course if the list is materially changed it would be necessary to submit the changes to ministers.

(a) *Mianwali Hydro-Electric Power Development.* When the Pakistanis first visited us this was their highest priority and they subsequently supplied us with detailed material relating to it. On their return visit we explained to them that we had some difficulties about it: a review of the supplies needed showed that Canada could not by any means supply all of them; the project was receiving some attention from the International Bank; and finally the project would extend over several years whereas Canadian funds were at present only available for the current fiscal

year and, even if committed, could scarcely be carried over beyond the following year. The Pakistanis remained very anxious to get Canadian support, explaining that full up-to-date details had not been submitted to the Bank and suggesting that they might possibly be willing to pay cash in Canada for the necessary supplies if, during later years of the Colombo Plan, sufficient funds were not available from the Canadian Government. It was agreed to leave this item over for further consideration. A new Canadian official is likely to be appointed very soon in connection with the Colombo Plan and he might visit Pakistan soon after his appointment. If so he would certainly want to look into the Mianwali project.

(b) *Radio Equipment.* The Pakistanis put before us the following list of radio equipment:

(i) Installation of very high frequency radio communication link between Karachi, Rawlapindi and East Pakistan

(ii) One tube rolling machine for Line Stores Workshop

(iii) 13 high frequency radio transmitters

(iv) 35 receivers (dual diversity)

(v) 3 medium wave searchlight stations

(vi) Equipment for broadcasting use, Dacca

(vii) Replacements for existing medium-wave transmitters at Dacca and Lahore

(viii) Short-wave transmitters, including aerials, Lahore and Dacca

(ix) Transmitting studio and receiving centre equipment, including aerials and accessories, at Quetta and Hyderabad

We could probably supply most of this equipment from Canada. On the other hand, as we explained quite frankly, there was another difficulty. While we have been supplying Pakistan with very substantial amounts of arms and ammunition we were most anxious that no trace of such material should appear in the Colombo Plan. While we were quite ready to agree that the equipment they had in mind was for normal peacetime purposes nevertheless there might be people who, from ignorance or from malice, might seize upon these items and describe them as military equipment, thereby bringing the Colombo Plan into disrepute. The Pakistanis appreciated our motives and agreed with them and after discussion decided to withdraw this item from current consideration.

(c) *Ships.* This was another top priority item with the Pakistanis. Between their two visits we did try to locate some ships for immediate sale but found none that were eligible for Colombo Plan financing. (A couple were discovered under Canadian flag but Greek ownership). We warned the Pakistanis that the same considerations that affected radio equipment might also affect ships. The Canadian Government might be particularly sensitive about ships because of recent difficulties connected with those supplied to the Ming Sung Company.

(d) *Mechanized Cultivation in East Bengal (Colombo Plan Serial No. 11).* At one point the Pakistanis put forward this project which involved supply of substantial quantities of farm equipment, together with the supply and equipment of training centres. We told them that as far as we were concerned this sort of project would be

top priority. However, further investigation proved that the Pakistanis themselves were by no means ready to move forward on this project at present.

(e) *Diesel Locomotives.* The Pakistanis raised this item with us on their first visit and after investigation it turned out that a Canadian firm would be very glad to look into the possibility of supplying these locomotives. However, the Pakistanis told us that the International Bank was definitely interested in the financing of these items so we did not consider them further. However, we said we hoped that the Pakistanis might think of buying them in Canada even though the funds came from the International Bank.

(f) *Rubber Tire and Tube Factory.* This was clearly a commercial proposition; the Pakistanis expected it to be quite profitable. While it might be eligible for a loan under the Colombo Plan we strongly recommended that private finance, together with private know how, should be enlisted if at all possible. The Pakistanis agreed with this position.

(g) *Polystyrene.* The Pakistanis had been very interested in obtaining some polystyrene even before our Colombo Plan discussions began. The Department of Trade and Commerce had enlisted the cooperation of a Canadian producer in the name of the Plan. However, it was agreed that this type of material — which would largely end up in combs and fancy goods — was scarcely appropriate for Colombo Plan finance and it was agreed to drop it out. We hope that the Canadian supplier will nevertheless provide a certain quantity.

Transportation, Administration, etc.

9. It was agreed that the Pakistanis would normally pay ocean freight on Colombo Plan shipments from Canada. Most of the goods would probably be shipped in British bottoms and it would seem wasteful to use up dollars for this purpose.

10. Arrangements are being made here for continuing supervision and guidance of Colombo Plan orders. All such orders will be placed with Canadian producers through the C.C.C. or other Government agency. Directions to the C.C.C. will be given by the existing "technical assistance unit" in the Department of Trade and Commerce which will be suitably expanded and for which an exceptionally well qualified director has been found.

11. The Pakistanis will also set up a supply agency here in connection with the High Commissioner's Office.

12. No doubt there will be many technicians visiting to and fro in connection with Colombo Plan aid and the question of costs may have to be considered. The present intention is that Canada will not pay any costs in connection with Pakistan experts visiting this country. When Canadian technicians visit Pakistan, however, their expenses while in Pakistan will be borne by the Pakistan Government (as under technical assistance arrangements).

13. We expressed the hope that under the technical assistance arrangements Pakistan would send trainees to Canada in connection with projects for which Canada was providing assistance under the Colombo Plan; further, that some of these trainees should be of the rank of "foreman" rather than "management". The Pakistanis

agreed with this suggestion although they explained that their own system of ranks within industry was rather different from our own.

Further Steps — Publicity

14. We hope to have ministerial approval for the arrangements described in this despatch. Pending such approval both in Ottawa and Karachi there will be no publicity.

15. Mr. Said Hasan said he very much hoped that the exchange of notes and the publication of the "Master Agreement" would take place in Karachi before September 7. His Minister is leaving for Washington that day. We said we had every hope of meeting this deadline. Will you please proceed tentatively with the necessary arrangements? We shall telegraph you if and when Canadian ministerial approval is forthcoming.

16. We are anxious to get as much publicity as we can both in Pakistan and also in Canada regarding the Colombo Plan and, if possible, it would seem desirable to have some sort of ceremony in connection with the signing of the Notes. We are planning to withhold publicity regarding the list of items available for finance until the exchange of Notes so that there would be additional substance to whatever publicity can be obtained. Please let us have your views on these matters as soon as possible.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Déclaration de principes

Statement of Principles

CONFIDENTIAL August [ ], 1951

COLOMBO PLAN

STATEMENT OF PRINCIPLES AGREED BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF PAKISTAN FOR COOPERATIVE ECONOMIC DEVELOPMENT OF PAKISTAN

The Governments of Canada and Pakistan, together with other governments, took part in London in 1950 in drawing up the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The Governments of Canada and Pakistan now desire to co-operate for their mutual benefit, and in particular for the achievement of the purposes of the Colombo Plan, by promoting the economic development of Pakistan. Therefore the Governments of Canada and Pakistan now wish to establish agreed principles under which economic aid from Canada will be provided to Pakistan for the purposes of the Colombo Plan, and according to which supplementary agreements may be made to cover specific programmes.

The Governments of Canada and Pakistan agree to the establishment of the following principles:

1. All economic aid supplied by the Government of Canada to the Government of Pakistan under the Colombo Plan shall consist of goods and services in accordance with specific programmes agreed upon from time to time between the two governments. Similarly, agreement will be reached on the methods of procurement and transfer.

2. In order that Canadian aid may cover different types of projects, different forms of financing may be used; in particular, Canadian aid will be available on either a grant or a loan basis, depending on the nature of each specific programme and the uses to which the goods and services supplied under it are put.

3. The particular terms of each specific programme will be a matter for agreement between the two governments, subject to the following general provisions:

(a) *Grants*: In any specific programme under which goods financed by grants from the Canadian Government are sold or otherwise distributed to the Pakistan public "counterpart funds" will normally be set aside. The Pakistan Government will set up a special account for these funds and will keep separate records of the amounts placed in the account in connection with each specific programme. It will pay into this account the rupee equivalent of the Canadian expenditures on goods and services supplied under any such programme. The Government of Pakistan will from time to time report to the Government of Canada the position of this account and will supply a certificate from the Auditor General of Pakistan. The two governments will from time to time agree on the economic development projects in Pakistan to be financed from this account.

(b) *Loans*: For the specific programmes which are agreed to be appropriate for financing by means of loans the terms of the loans will be determined by the two governments. These terms will relate primarily to the commercial character of the particular project in question, to its anticipated earnings, and to its anticipated effects on the foreign exchange position of Pakistan.

581.

DEA/11038-2-40

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

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

CONFIDENTIAL

[Ottawa], August 24, 1951

COLOMBO PLAN — PAKISTAN

I understand that when this was discussed in Cabinet yesterday it was decided to defer approval of the proposed list of projects in Pakistan. Apparently there was no general objection either to the financial commitments involved or to the general reasonability of the type of programme put forward. On the other hand various Ministers were worried because a number of comparable projects in Canada had

been deferred chiefly for lack of materials (notably steel and cement). Amongst the projects mentioned were the Canso bridge, harbour works in New-Westminster, the ferry from Sydney, N.S., to Point aux Basques, and the Montreal General Hospital.

2. Ministers had two sorts of worry. First, there would be adverse political reaction in certain quarters in Canada if it were learned that projects were being carried forward in Pakistan on the basis of Canadian materials when similar urgent projects were being held up for lack of materials and, second, if the Pakistan projects approved by the Canadian Government were held up for lack of Canadian materials, this would engender disappointment and ill feeling in Pakistan.

3. It is not possible to guarantee that Canadian aid to Pakistan can be made available without any economic sacrifice to this country. Some sacrifice must be involved in a period of short supply. Further the Pakistanis, who do not know the Canadian market and have few direct connections with Canadian suppliers, must be given some informal assistance by the Canadian Government in getting supplies.

4. I understand that some Ministers enquired how much scarce materials would be used up by the proposed Pakistan projects. It is not possible to make any estimate at present. Some of the projects would require substantial quantities of steel. On the other hand this may be less than appears at first sight; for instance the proposed dock and harbour facilities would be constructed of timber, not steel. All one can say (as you have already done) is that officials of the Department of Trade and Commerce, who attended all the meetings with the Pakistanis, thought that there was a reasonable chance of moving forward on the projects listed. Deliveries of supplies would in many cases not take place in the current fiscal year; the immediate need is to start work on the engineering and other problems involved.

5. You can give Ministers assurances on the following points:

(a) It was fully understood throughout our discussions with the Pakistanis that, while informal governmental assistance would be forthcoming, no guarantees could be given regarding availabilities of supplies.

(b) It was also understood that the proposed list of projects might have to be changed in the course of the current year; if one project proved impracticable because of supply problems or technical difficulties and delays other projects would be substituted.

(c) The Pakistanis are in fact reviewing alternative projects which might be substituted in case it is found necessary to drop any of those in the existing list.

(d) Our chief purpose in securing the services of Mr. Nik Cavell has been to ensure that all the projects under the Colombo Plan are practical — practical in terms of useful results in Pakistan and practical in terms of availability of supplies from Canada. He will join the Government Service on September 10 and is planning to go to Pakistan the following month. At that time the Pakistan programme can and will be reviewed.

6. In order to be quite certain that there was no misunderstanding with the Pakistanis on the points listed in the foregoing paragraph, Mr. Plumptre has had a further talk with the Pakistan High Commissioner. You can be sure that no misunderstanding exists.

7. The Pakistan High Commissioner, however, specially wished that two points should be brought to your attention:

(a) Although the list of projects was subject to review at any time, in the light of practical considerations, it was urgently necessary to get the list approved at the present time, Until such approval was given no work of any kind could go forward on any of the projects. Already two months of the Colombo Plan year had gone by; it was high time to get down to practical matters.

(b) He put in a specially urgent plea for the cement plant which is absolutely essential to their refugee colonization programme in the Thal area. The High Commissioner hoped that whatever might happen to other projects this one at least could be kept in the programme.

8. I return to you herewith the papers on this subject which were sent to you for the meeting of Cabinet on August 22. I am putting the item on the agenda again for August 29.

A.D.P. H[EENEY]

582. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 29, 1951

COLOMBO PLAN; CANADIAN AID TO PAKISTAN

20. *The Secretary of State for External Affairs*, referring to discussion at the meeting of August 22nd, 1951, said it had been fully understood throughout, in discussions with the Pakistani delegation respecting the proposed aid to Pakistan under the Colombo Plan, that, while informal governmental assistance would be forthcoming, no guarantees could be given respecting availabilities of supplies. It was also understood that the proposed list of projects might have to be changed in the course of the current year if one project proved impracticable because of supply problems or technical difficulties and delays. In such cases other projects could be substituted for those now contemplated. The Pakistanis were reviewing alternative projects which might be substituted in case it was found necessary to drop any of those on the existing list. Mr. R.G. Nik Cavell was being appointed to the government service for the express purpose of ensuring that all projects under the Colombo Plan were practical in terms of useful results in the recipient country and in terms of availability of supplies from Canada. The whole project would be reviewed with this in mind within the next few weeks.

(Memorandum, Under-Secretary to Secretary of State for External Affairs, Aug. 24, 1951)

21. *The Cabinet*, after discussion:

(a) approved the statement of principles agreed between the government of Canada and the government of Pakistan for co-operative economic development in Pakistan (as given in appendix to Cab. Doc. 211-51[42]); and,

(b) approved the list of Colombo Plan projects for Pakistan as recommended by the Secretary of State for External Affairs on August 22nd and agreed that assistance for these projects be provided in the form of grants, on the understanding that it might not be possible to carry out some of the projects recommended because of non-availability of supplies and that, in such cases, it might be desirable to substitute alternative projects.

. . .

583. PCO

Extrait des conclusion du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 12, 1951

. . .

COLOMBO PLAN; INDIA

15. *The Secretary of State for External Affairs*, referring to discussion at the meeting of February 7th, 1951, said that discussions had taken place with Indian authorities respecting the possible uses of Canadian economic aid under the Colombo Plan. A number of development projects similar to those proposed for Pakistan had been considered but discussions were still in a preliminary stage and Indian authorities had now indicated that they would like to accept substantial quantities of Canadian wheat. They had agreed to set up "counterpart funds" equivalent to the value of Canadian wheat supplied and to use these for development projects in India. Such projects would be subject to the agreement of Canadian authorities. The amount approved by Parliament for economic aid under the Colombo Plan in the current fiscal year was $25 million. Some $10 million had already been tentatively allocated for projects in Pakistan. This left $15 million for India unless Ceylon applied, which seemed unlikely and which would involve, at most, a token amount. It appeared desirable to provide that the whole of this sum might be spent for wheat, allowing, however, for the possibility that some of it might be used instead, with Cabinet approval, for desirable and acceptable development projects if these materialized during the course of the fiscal year.

An explanatory note was circulated.

(Minister's memorandum, Sept. 10, 1951 — Cab. Doc. 239-51)†

16. *The Minister of Trade and Commerce* was of opinion that the offer of Canadian consumer goods to India instead of capital goods or assistance would not be within the true spirit of the Colombo Plan. There was at present no prospect of

[42] Voir Canada, *Recueil des traités*, 1951, N°. 18./See Canada, *Treaty Series*, 1951, No. 18.

famine in India and, furthermore, as far as could be ascertained India had ample funds to purchase capital goods. The only problem seemed one of availability of machinery and other equipment required. It did not seem impossible, however, that Canada could make available to India certain materials required for Indian industrial development.

17. *The Minister of Fisheries* pointed out that the Colombo Plan did make provision for the use of consumer goods in conjunction with the establishment of "counterpart funds". When the plan had been adopted each Asiatic country had submitted a list of projects. If it were agreed that Canada should now supply certain quantities of wheat to India under the plan, it would be a relatively simple matter to ascertain that the "counterpart funds" established in India were, in fact, used to further approved projects.

18. *The Prime Minister* was of opinion that, if it could be made clear that the "counterpart funds" to be established would be in rupees and that Canada would remain in a position to supervise the use to which such funds were being put, there would not seem to be any real objection to the proposal that Canadian wheat be sent to India under the plan, provided it were ascertained that this was the most practical course of action which could be followed at the present time.

19. *The Cabinet*, after discussion, agreed that:

(a) expenditures not to exceed $15 million be approved for the supply of wheat to India under the Colombo Plan during 1951-52;

(b) the government of India be requested to set up "counterpart funds", equal in value to whatever wheat may be provided, and to use these funds for development projects in India in consultation with Canadian officials;

(c) Canadian officials continue to explore with Indian officials the possibility of Canadian economic aid being supplied directly (rather than through wheat and "counterpart funds") for development projects in India; and,

(d) all arrangements for supplying wheat to India under (a) be subject to the approval of the Ministers of Trade and Commerce, Finance, and External Affairs.

...

584.

DEA/11038-3-40

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

[Ottawa], September 28, 1951

COLOMBO PLAN — CEYLON

At the last meeting of the Commonwealth Consultative Committee, the Ceylonese indicated that while they would not be submitting requirements for Colombo Plan aid in the first Colombo Plan year, they would be putting forward projects for

consideration in subsequent years of the Plan. Accordingly we made no provision for the allocation of any funds to Ceylon out of the total appropriation of $25 million.

2. As you know we have recently had a visit from Mr. R. Coomaraswamy of the Ceylon Ministry of Finance. Coomaraswamy has submitted a scheme for rural development in Ceylon. Very briefly this scheme provides for an expansion of the village economy of that country whereby a State-Village partnership will distribute tools, materials and technical assistance to bring the unused labour which is a feature of the village economy into production. This labour would be used for village projects such as roads, wells, irrigation channels, storehouses, etc.

3. Officials of the Department of Trade and Commerce, Finance and External Affairs have examined this plan and while there are a few gaps in the detailed presentation, the conclusion is that there is a good deal to be said for it. It appears to be a thoroughly practical "grassroots" approach to economic development and has the advantage that it can be implemented in stages, that is, village by village, as funds become available. From the point of view of public opinion in Canada, the plan would seem to have considerable appeal because it would involve supply of such things as axes, ploughs, fencing, hand tools, etc., which generally convey to the public a more comprehensible picture than massive turbo-generators and other capital equipment on the grander scale.

4. Against these favourable factors should be set the fact that Ceylon is one of the less depressed areas of South-East Asia and certainly does not require support to the same extent as either India or Pakistan. On the other hand, Ceylon is a member of the Commonwealth Consultative Committee and it is clearly envisaged that aid should be provided for her under the terms of the original Report.

5. In our discussions with the Indians and Pakistanis, while we did indicate approximate allocations of $15 million and $10 million respectively, there was no suggestion that these amounts were firm to the last cent. Indeed, it was frequently stated that some difficulty would be experienced in estimating exact costs of projects. We think, therefore, that it would be quite possible to find, say $1 million for Ceylon out of the Indian and Pakistan allocations and that there could be no objection by these countries to our doing so.

6. Any allocation of Colombo Plan funds to Ceylon should, it is considered, be handled in a slightly different manner than is contemplated for consumer goods in the cases of India and Pakistan. We would not for Ceylon envisage the setting up of counterpart funds as such. The hand tools and other items made available would be supplied to and distributed by government agencies in Ceylon. These agencies would sell the items at reduced or subsidized prices. We think that the funds arising from the sale of the tools could be ploughed back into the same scheme and the Ceylonese be asked to give us an accounting of the expenditures.

7. I must add that this question has recently been complicated by receipt of a request from the Ceylon Government through Sykes, our Trade Commissioner there, for a Colombo Plan gift of 20,000 tons of flour. This request which is parallel to a similar request to the U.S. Government for 70,000 tons comes entirely separately from Coomaraswamy's rural development scheme and, as far as we can

judge, without his knowledge. Since Ceylon has no famine problem, officials are not inclined to view this request with much favour. Mr. Howe may, however, see some long-term commercial advantage in such a gift and his view is being obtained separately.

8. I recommend:

(a) that $1 million be provided out of this year's Colombo Plan appropriation of $25 million. This sum to be made up approximately 1/3 out of the $10 million tentatively allocated to Pakistan and 2/3 out of the $15 million tentatively allocated to India:

(b) that officials be authorized to develop with the Ceylonese authorities financial arrangements whereby funds arising out of the sale of projects supplied by Canada be ploughed back into the scheme.

9. If you agree in principle with the foregoing, a formal submission to Cabinet will be prepared after we have received from the other officials concerned the reaction of Messrs. Howe and Abbott to this proposal.[43]

A.D.P. H[EENEY]

585. DEA/11038-3-40

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

[Ottawa], October 11, 1951

Since sending you my memorandum of September 28th (attached for reference) on the subject of Ceylon's two requests for assistance, namely, the Rural Development Scheme and a gift of flour, we have had some second thoughts about the former.

2. It appears that the International Bank is shortly sending a mission to Ceylon for the purpose of helping the Ceylonese to produce a programme for economic development. We have, as you know, always made a point of moving in close concert with the Bank and ensuring that we do not duplicate any of their activities. Officials of this and other departments interested in Colombo Plan affairs feel now that it might be advisable to defer reaching a firm decision on this scheme until the Bank have got on the ground and have come up with a report.

3. There is another reason why we think that caution is indicated in getting into this scheme. A general election is in the offing for Ceylon and it is quite possible that the Rural Development Scheme, which on its merits we still feel is a good one, and certainly the request for flour are both eleventh hour efforts to obtain some form of assistance during this Colombo Plan year with a view to alluring the elec-

[43] Note marginale :/Marginal note:
Agreed L.B.P[earson].

torate. The U.K. Deputy High Commissioner here whose advice, in view of his wide experience in this subject and in South East Asia we have always sought, is inclined to believe we would do well to postpone any action for this year.

4. I should report that both the Rural Development Scheme and the flour scheme have recently been put before Mr. Howe by his officials. Mr. Howe, as was expected, has rejected the flour suggestion and has approved the Rural Development Scheme but has expressed some doubt about our ability to get Pakistan and India to agree to proportionate reductions in the amounts of their allocations. He has said, however, that he is willing to support the proposal in Cabinet if it should be introduced.

5. In the case of the Department of Finance, since our recent reconsideration occurred before officials had an opportunity to present the two schemes to Mr. Abbott, no action there has been taken.

6. In view of the foregoing, I would now recommend that further consideration of the Rural Development Scheme be postponed for this year and that the Ceylonese be informed that since our total Colombo Plan appropriation for this year has been allocated and that since no proposal for external assistance was submitted at the last meeting of the Consultative Committee there are no funds available.[44]

A.D.P. H[EENEY]

586. DEA/11038-40

Procès-verbal d'une réunion

Minutes of a Meeting

CONFIDENTIAL [Ottawa], December 18, 1951

Colombo Group Meeting — 11 a.m. December 12, Mr. Deutsch's office, Confederation Building.

Present:
Mr. Plumptre (Chairman) External Affairs
Mr. Deutsch—Finance
Mr. Heasman—Trade and Commerce
Mr. Cavell—Trade and Commerce (International Economic and Technical Cooperation Division)

Also Present:
Miss Meagher, Messrs. McInnes, Rau, Thurrott, Rosenthal Read, Wright, Col. Thorne.

Minutes of Meetings

1. The meeting *agreed* that it would be desirable, from now on, to keep minutes of the Colombo Group meetings, not only for the use of members of the Group, but also to provide the interested Canadian Missions abroad with a record of the dis-

[44] Note marginale :/Marginal note:
OK L.B.P[earson].

cussions to serve as background information on various aspects of Canadian participation in the Plan.

Consultative Committee

2. A memorandum circulated to the Group reviewed the situation in regard to the time and place of the next Consultative Committee meeting. It was apparent that although some member governments had previously favoured a meeting in London to tie in with the meeting of the Commonwealth Finance Ministers in January, the majority was now in favour of having the Consultative Committee meet later in South-East Asia. The most recent information received just before the Colombo Group meeting, from the U.K. High Commissioner's Office, was that the United Kingdom Government, because of pressure of other matters, favoured a postponement of the Consultative Committee meeting until March 24. From information at present available, it appears that Karachi is the most likely place for the meeting.

3. The question was raised whether this new suggestion for a postponement until March 24 would interfere with Mr. Cavell's plans for his forthcoming visit to the Colombo Plan area. He explained that this later date would suit him better since it would allow him to visit India and Pakistan, and possibly Ceylon, in advance of the Consultative Committee meeting.

4. It was *agreed* that Canada should make no further effort to gain support for a London meeting, but should accept the wishes of the majority of member governments to hold the meeting in the Colombo Plan area.

5. The meeting then discussed the question of the Report. Canadian views on the form of the Report have already been submitted in writing and orally, and there was reason to believe that our representations have had some impact on U.K. thinking. The Commonwealth Relations Office will soon be circulating a revised draft of the Report and it was *agreed* that we should take no further action until we have seen the new draft, when we might wish to make further comments.

Canadian Contribution—1951-53

6. It seemed likely that most, if not all, of the 1951-52 contribution of $25 million would be spent or committed before the end of this fiscal year. It was thought best, therefore, to tackle the question of a second contribution quite separately from the problem of any balance which might remain out of the first $25 million vote. Any such unspent balance would require a re-vote and necessary action will be considered later in the fiscal year when the situation is clearer.

7. It was suggested that a submission should be put to Cabinet by External Affairs in the near future, recommending an appropriation of $25 million as the Canadian contribution to the Colombo Plan for 1952-53. The memorandum, which would be cleared in advance with Finance and Trade and Commerce, would inform the Cabinet of the progress made to date in implementing the Colombo Plan and would include an account of what other countries, particularly the United States, have done and are committed to do in the area.

8. There followed some discussion on the question of the possible provision of wheat to India next year with the consequent setting up of counterpart funds. The general consensus of the meeting was that it was greatly preferable to use our

Colombo Plan appropriation for direct capital assistance rather than for the provision of foodstuffs, which should normally be a commercial transaction. It was also pointed out that by supplying wheat we defeat to that extent one objective of Canadian participation in the Colombo Plan, namely the provision of Canadian equipment to South-East Asian countries. It was true that certain essential materials for such equipment were in short supply, but it was expected that by next year it would be easier to make some of these materials available.

9. It was *agreed* that every effort should be made to spend the 1952-53 contribution, if approved, on direct capital assistance for suitable development projects, but that the possibility of using part of the contribution for wheat should not be entirely ruled out provided: (a) that India wanted the wheat, and (b) that India would be prepared to use the counterpart funds from the sale of the wheat for desirable development projects. This would, however, be considered as a last resort and would only be approved if it were found impossible to arrange for the full appropriation to be used for direct aid.

India—Progress Report

10. The Indians propose to use the counterpart funds resulting from the provision of wheat ($10 million) for further work on the Mayurakshi project. From reports received on this project, it appears to be suitable for Canadian assistance under the Colombo Plan, but so far we have not given formal approval to the Indian Government. It was thought that before doing so the Indian High Commissioner should be asked to obtain more specific information from his Government on the particular parts of the project which will be undertaken with the counterpart funds for Canadian wheat. It was *agreed* that the Department of Finance should first look over the information on Mayurakshi which is now available and let the Department of External Affairs know what additional information is required. Meanwhile External Affairs would communicate with Mr. Saksena telling him that Canada approves the project in principle, that we will be requiring certain particulars before final approval can be given, and that we will get in touch with him in the near future to let him know exactly what further information he should obtain from his Government.

11. The meeting then discussed the problem of the disposal of the balance of $5 million remaining out of the total of $15 million for India. Mr. Saksena had informed External Affairs, on instructions from his Government, that India would like to have the $5 million used to provide equipment from Canada for the Hirakud and Mayurakshi projects and for the Eastern Technical Institute. The meeting *agreed* that in the light of the reports received, the Hirakud project was unsuitable and that no Canadian funds should be used in connection with it. Saksena should be told this and at the same time informed that no requirements or specifications had been submitted to the Canadian Government for Mayurakshi or the Eastern Technical Institute and that while we approved both these projects in principle, subject to a favourable report from the International Bank Mission, we would be unable to take any decision on providing equipment for them until we knew exactly what was needed and could determine whether the materials for the equipment were available in Canada.

12. The question of the possible provision of chassis for trucks or buses to the Bombay Transportation Commission was then discussed. Materials for these chassis are available and it would be feasible to undertake to provide them up to the full total of the $5 million balance. There are, however, two obstacles to be overcome. The first is that the request has not come from the Central Government and the meeting was unanimous in its opinion that we could not deal with state or municipal governments. It would be necessary therefore, that the request come through the Central Government. The second difficulty arose from the fact that a transportation system is revenue-making and is therefore hardly eligible for a grant. On the other hand, the Bombay Transportation Commission apparently has no capital, needs buses and trucks, and is not in a financial position to carry a loan. It was suggested that, in these circumstances, arrangements might be made for Canada to give the chassis to the Central Government and for the Central Government in turn to hand them over on a loan basis to the Bombay Transportation Commission, with the return from the loan to be used by the Central Government to set up counterpart funds. The repayment of the loan and the consequent establishment of counterpart funds might be spread over a period of five or six years.

13. The meeting *agreed* that the Department of External Affairs should tell Mr. Saksena that before the Canadian Government could consider the provision of chassis, the request would have to be received from the Central Government. No commitment would be made to Mr. Saksena, but if the request were in fact received from the Government of India the question would be reconsidered and the possibility of a loan, or a grant with counterpart funds, would be explored.

14. The meeting also *agreed* to explore further the Indian request for aluminium wire which can probably be made available without difficulty.

Hirakud Project—Aluminium Mill

15. The Commercial Counsellor in New Delhi had been interviewed by a representative of an Indian aluminium company which was interested in establishing an aluminium mill in connection with the Hirakud project and inquired whether Canadian assistance under the Colombo Plan might be made available. The meeting *decided* that since this request had come from a private enterprise and since furthermore Canada was not interested in participating in any way in the Hirakud project, the Department of Trade and Commerce should inform New Delhi that there would be no possibility of Canadian Colombo Plan aid for this proposed aluminium mill.

Pakistan—Progress Report

16. The Pakistan Government recently submitted an enormous catalogue of requirements for various projects which they had in mind in connection with their development programme. Mr. Cavell's Division, in consultation with the commodity experts of the Department of Trade and Commerce, had examined these requirements and was convinced that such an extensive list of detailed items and specifications covering a very wide field of development projects, did not constitute a practicable approach to the problem of utilizing the $10 million Pakistan allocation during the remainder of this fiscal year. The meeting *agreed* that we should not attempt to select a large number of miscellaneous items but rather, that

we should try to choose one or two major projects which Canada could usefully assist and on which we could proceed without delay. It was suggested that a good part of the allocation, perhaps $5 or $6 million, might be devoted to the manufacture and provision of diesel locomotives for West Pakistan. These locomotives can be manufactured in Montreal; they are 93% Canadian made and they would represent an important contribution of the solution of Pakistan's transportation problems. The Pakistan Government is anxious to obtain diesel locomotives and the order would be of considerable assistance to the Canadian manufacturer. It was *agreed* that Mr. Heasman would raise the matter with his Minister and would then communicate with Mr. Deutsch, who would in turn consult Mr. Abbott. The proposal would also be cleared with Mr. Pearson and if all three Ministers agreed, would be submitted to the Cabinet. Here again, the question of counterpart funds against depreciation would have to be gone into.

17. The remainder of the $10 million allocation should if possible be used for projects which would benefit East Pakistan. The Pakistan Government is anxious to obtain equipment in connection with its development of the Port of Chittagong and has also asked whether trawlers and other equipment might be made available for a fishing centre in East Bengal. The Pakistan High Commissioner has already been asked to obtain from his Government particulars and technical data of the equipment required for the fishing centre, and the requirements for the property at Chittagong are being investigated by Trade and Commerce. It was *agreed* that both these projects were worth exploring further and that if the equipment could be made available in Canada they would be suitable for Canadian assistance.

18. It is now clear that there is no possibility of providing this year the cement plant requested by Pakistan in connection with the Thal project. It may be feasible to carry out this project next year if a second Canadian contribution is authorized and the meeting *agreed* that Mr. Cavell should go ahead immediately to locate a good consulting engineer who would be prepared to go to Pakistan for the purpose of doing the preliminary engineering job. It was made clear that the provision of a consulting engineer, as requested by the Pakistan Government, would in no way commit the Canadian Government to make funds available next year for the construction of the plant, but was merely the first step which would be necessary regardless of when the plant is built, whether the Canadian Government finances it next year or later or whether it is financed from some other source.

19. One project to which Canada is committed but on which no action to date has been taken is the experimental livestock farm which Australia, New Zealand and Canada have jointly offered to establish in the Thal area. Canada's share of this project is to be the provision of certain equipment to the value of $200,000. No specification have been received from the Pakistan Government in regard to the experimental farm and it was *agreed* that the Pakistan High Commissioner should be asked to obtain these specifications from his Government.

Transportation Charges

20. Two aspects of this question were considered by the meeting, ocean freight and inland transportation in Canada. There has been a certain amount of interest in Canadian shipping circles in the question of carrying Colombo Plan goods in Cana-

dian bottoms. The meeting was generally of the opinion that no pressure should be brought to bear on the recipient governments to use Canadian ships and that no formal agreement should be sought. If these governments intended to use sterling shipping, Canada ought not to compete. It was *agreed*, however, that if U.S. shipping were contemplated, it would be desirable to let the Indians and the Pakistanis know, on an informal basis, that they would do well to use Canadian shipping if possible. As regards inland transport, there should not be much of a problem, since it was likely that all Canadian goods destined to India or Pakistan under the Colombo Plan would be delivered at Canadian ports of exit. It was, however, *agreed* that it was only reasonable that transport and insurance business within Canada should be given to Canadian firms and that Mr. Cavell should do what he could to ensure this.

Allocation to Ceylon

21. A fairly recent communication received from Mr. Sykes reaffirmed his view that an allocation, which need only be a small one, should be made to Ceylon. The meeting *agreed* that a letter should be sent to Mr. Sykes expressing our concurrence with his views in principle, explaining that because of our commitments to India and Pakistan and because of the earlier indication from Ceylon that they would not be ready to participate in the Plan this year, it had not been possible to cut Ceylon in on the 1951-52 appropriation and assuring him that, provided a second contribution was authorized, it was our intention to include Ceylon in the Canadian programme for 1952-53.

3e PARTIE/PART 3

CONFÉRENCE DU COMMONWEALTH SUR LA DÉFENSE, JUIN 1951
COMMONWEALTH CONFERENCE ON DEFENCE, JUNE 1951

587.

DEA/50227-40

Le secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Secretary of State for External Affairs to Minister of National Defence

TOP SECRET

Ottawa, May 17, 1951

My dear Colleague:

I attach a copy of a letter of May 10† from the United Kingdom High Commissioner, together with the provisional agenda referred to therein concerning the proposed Commonwealth Defence Conference on the Middle East, which it is now suggested should meet in Malta on June 21.

You will recall the discussion in Cabinet Defence Committee on March 20 regarding Canadian representation at the proposed conference on the defence of the Middle East. The Committee agreed that on receipt of an invitation it could be

indicated that Canada would be represented by "one or two observers, to consist of a political and/or a military representative from the Canadian mission in London".

It had been assumed when we considered this matter previously that the conference would meet in London. As it is to deal primarily with the Middle East there is, however, some merit in holding it outside London and Malta may well be a suitable place. In any event, a meeting in Malta makes it, I consider, easier for us to be represented only by observers. Although the provisional draft agenda includes several items, expressed in brief and general terms which may have wider implications, I think it is clear from Clutterbuck's covering letter that the main purpose is to examine the defence problems of the Middle East.

In the circumstances, it seems to me that our representatives might be an experienced senior military officer and an appropriate official of this Department. In view of the likelihood that some NATO questions (e.g., Mediterranean Command, NATO relations with Greece and Turkey and infrastructure) may come up at the Conference, I venture to suggest that it would be a great advantage if General Clark could be made available. As to the political officer we are thinking of Crean, our Chargé d'Affaires in Yugoslavia.

It is, I think, important that our representatives should be instructed to confine themselves strictly to the "observer" role. For this reason I do not think it is appropriate that we should make any suggestions regarding the date, place and agenda of the meeting, unless there is something that we are very anxious to change. The proposed form of liaison with the United States seems to be reasonable.

When replying to Clutterbuck and informing him that Canada will be represented by observers I think it may be sufficient for me to give, as our reason, that Canada's defence contribution is being concentrated elsewhere than in the Middle East. I do not know whether you would like me to add something to the effect that the demands of the Parliamentary Session will prevent you from attending.

May we have your views?

Yours sincerely,
L.B. PEARSON

DEA/50227-40

588.

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, May 17, 1951

My dear Colleague:

Thank you for your letter of May 17 with reference to the proposed Commonwealth Defence Conference on the Middle East.

I received various communications at the service level in connection with this conference which resulted in my speaking to the Prime Minister about it again today.

This was before the receipt of your letter but the general line you have taken coincided very closely with what I suggested to him.

It is possible that because of other engagements Major General Clark might not be available to attend the proposed conference in Malta. Subject to this, however, I agree that he should attend. If, because of some meeting of the Deputies or some other meeting of the North Atlantic Treaty Organization, he cannot attend, another officer of somewhat similar rank should be appointed.

With regard to political representation, it may be that the Government may consider it desirable to be represented by somebody of cabinet rank or, failing this, of some political representative such as for example, Mr. Campney.

If, however, it is considered that this is not desirable, our representative on the non-service side might well be one of our heads of missions or others in the Department of External Affairs coming from their posts in Europe or from the Department here.

In this connection I mentioned the names of Mr. Jean Désy our Ambassador at Rome; Mr. George L. Magann, our Ambassador at Athens; and as you suggested our Chargé d'Affaires in Yugoslavia G.G. Crean.

Future developments may indicate more clearly the type of participation that we should adopt. While matters not yet before us might point to the desirability of having ministerial representation, if not by myself by some other minister, my personal inclination is to agree entirely with your suggestion, subject to the qualification that it might be desirable to have there a political representative in the person of Mr. Campney or somebody else in a similar position.

Whether or not our representation should be in the category of "observers" or participants may depend on conditions not yet before us. My personal inclination would be not to categorize our participants as merely in the category of "observers". In view of the participation of other Commonwealth countries, this might be made to appear as a sign of non-participation which might have unfortunate repercussions.

The cables so far before me do not indicate that it is intended that India or Pakistan will participate. If India and Pakistan are not invited, and if the United States is also not represented, it would seem that the calling of the Conference before the Conference of Foreign Ministers has ended and probably just before the meeting of the Council of NATO is to be held, might prove to be unfortunate. The answer as to whether we should participate and in what form may well depend on consideration beyond those of our own immediate self-interest.

As for your final enquiry as to whether the demands of the parliamentary session would prevent my attending in person, one estimate is as good as another. Almost certainly parliament will still be in session. Almost certainly the situation in Korea will not have been resolved. Moreover, we are, as you know, faced from day to day with difficult problems in connection with our defence objectives of building up the

defence of Canada, maintaining the force in Korea, and providing for a force in Europe. Under the circumstances, I would hope that it would not be found necessary for me to go to Malta at this time.

Yours sincerely
BROOKE CLAXTON

589. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 22, 1951

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COMMONWEALTH CONFERENCE ON DEFENCE QUESTIONS; PRESS RELEASE

1. *The Secretary of State for External Affairs*, referring to the discussion in Cabinet on March 8th, 1951, and subsequently in Cabinet Defence Committee on March 20th, 1951, stated that the U.K. government had submitted for consideration a draft announcement on the forthcoming Commonwealth conference on defence questions for release by countries concerned. This draft stated, *inter alia*, that it had been agreed to hold a conference of defence ministers of certain Commonwealth countries, including Canada; the ministers had decided that Malta would be a convenient meeting place; and the conference would consider certain defence problems arising in regions of common concern to these countries, including the Middle East and the Pacific, and also consequential questions regarding equipment and training of mutual interest.

It appeared desirable to suggest to the United Kingdom a revised text which would omit the references to the Minister of National Defence, to the Middle East and to the Pacific, and would conclude with an additional sentence indicating that Canada would be represented by an observer.

2. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs regarding a draft press release† on the forthcoming Commonwealth conference on defence questions, which had been submitted by the U.K. government, and agreed that, if satisfactory to the Minister of National Defence, Mr. Pearson would propose to the United Kingdom a revised draft, omitting the references to Mr. Claxton, to the Middle East and to the Pacific, and concluding with an indication that Canada would be represented by an observer.

590. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 30, 1951

...

COMMONWEALTH CONFERENCE ON DEFENCE QUESTIONS

34. *The Secretary of State for External Affairs* referring to the discussions at the meeting of May 22nd, 1951, said that the U.K. government had just now agreed to the Canadian suggestions on the forthcoming Commonwealth conference on defence questions. As a result, the conference would be held in London rather than Malta, and the proposed press release would make clear the relationship of Canada to the conference and would include no reference to the Pacific as an area for discussion. The announcement would indicate that a conference of the defence ministers of the United Kingdom, Australia, New Zealand, South Africa and Southern Rhodesia would begin in London on June 21st; that it would deal with defence problems arising in regions of common concern to those countries, including the Middle East, and also consequential questions of equipment and training of mutual interest to them; and that Canada would have observer representation. In the circumstances, the Cabinet Defence Committee, at its meeting yesterday, had reaffirmed its decision of March 20th, 1951, that Canada be represented by civilian and military observers drawn from the mission in London.

35. *The Cabinet* noted with approval the report of the Secretary of State for External Affairs regarding plans for the forthcoming Commonwealth conference on defence questions.[45]

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591. DEA/50227-40

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 1528 London, June 21, 1951

SECRET. IMPORTANT.

COMMONWEALTH DEFENCE CONFERENCE

Following for Heeney, Begins: We shall be sending a full report† on the discussions at the opening sessions of the Commonwealth Defence Minister's Meeting,

[45] L.D. Wilgress, major-général S.F. Clark, et S.F. Rae étaient les représentants du Canada.
Canada was represented by L.D. Wilgress, Major-General S.F. Clark and S.F. Rae.

which took place in the Cabinet Office this morning and this afternoon, following the usual picture-taking ceremony in the garden at No. 10. Mr. Shinwell presided over the meeting, and after the usual exchange of courtesies I thought it appropriate to make a brief statement of the Canadian position with respect to the conference. The text of this statement is contained in my immediately following telegram.

2. The morning's session was devoted to a combined review, in which Field-Marshal Slim gave a most comprehensive and valuable summary of the principal points contained in MDM(51)2, the United Kingdom Chiefs of Staff memorandum on defence policy and global strategy, and MDM(51)3, the Chiefs of Staff memorandum on the defence of the Middle East.

3. A number of questions were raised by the visiting ministers in the course of this presentation, which will be reported separately in greater detail. The immediate purpose of this telegram is to indicate to you that I do not think there are any grounds for apprehension on our part that the agenda of the conference will be widened to include any detailed discussion of Pacific defences. It is clear from today's sessions that, for example, in the case of Australia, the question of what the Australian Government can contribute in the way of forces to the defence of the Middle East is necessarily linked with the defence picture in the Pacific, and particularly in South East Asia. For example, in the course of Field-Marshal Slim's presentation this morning he indicated that in the event of war there was no intention to abandon Malaya, and this point was quickly picked up by the Australian Defence Minister, who emphasized that further information on the position in South East Asia would greatly help his government in coming to final decisions on the contribution that might be made to the Middle East defence. It is also clear that a number of the ministers, who in nearly every case are accompanied by a large group of service advisers, are anxious to use the present meeting to elicit information particularly from the CIGS and while the questions they wish to raise may cover a wider field than the Middle East, there seems at this stage to be no reason to suppose that the conference as such will be required to come to decisions on the defence problems in other areas.

4. I think that there is full understanding of our own position in this matter, and feel that the arrangements we have made for representation are wholly adequate. It seems quite clear from a series of questions which Mr. Shinwell threw out at the end of this afternoon's meeting that the central purpose of the conference from the point of view of the United Kingdom Government is to ascertain more definitely the size and nature of contributions which other Commonwealth Governments interested in the Middle East area can make to the defence of that region, the timing of such contributions, including the possibility of their sending token forces in peace-time, and the assistance which would be required from the United Kingdom Government.

5. Any other topics which may be dealt with outside the Middle East area will only be for the purpose of clarifying the position in relation to the Middle East. Ends.

592. DEA/50227-40

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 1529 London, June 21, 1951

SECRET

Reference: My immediately preceding telegram.

MEETING OF DEFENCE MINISTERS

Following for Heeney, Begins: Following is text of statement referred to in paragraph 1.

QUOTE:

The Canadian Government welcomes the opportunity which has been afforded by the present meeting of Defence Ministers from the United Kingdom, Australia, New Zealand, South Africa and Southern Rhodesia to consider defence problems arising in the Middle East. It will be recalled that the present conference was first discussed at a meeting of Commonwealth Prime Ministers held in London last January.[46] It was then the feeling of a number of Commonwealth governments that a meeting of Defence Ministers would be valuable to examine problems arising in regions of special concern to them, including the Middle East. On that occasion it was made clear by our Prime Minister that Canada's special and direct responsibilities centred in the North Atlantic area, and that for this reason, and since our interests in the Middle East are less direct than those of other Commonwealth countries, it would be appropriate for the Canadian Government to be represented at this conference by an official observer.

I need hardly say that this decision reflects the immediate objectives and commitments of the Canadian national defence effort and arises in no way from any under-estimation of the strategic significance of the Middle East area, and the vital importance this area has for our partners in the Commonwealth.

The central objectives of Canadian defence policy relate to the immediate defence of Canada and, in co-operation with the United States, of North America from direct attack, and the implementation of undertakings made by Canada under the United Nations charter and under the North Atlantic Treaty Organization. The North Atlantic Treaty Organization, in which two Commonwealth countries now participate, is a collective effort to build up strength in the Western European area — an area which the memorandum on defence policy and global strategy prepared by the United Kingdom Chiefs of Staff, which is before us, describes as "the main theatre". Since the signature of the North Atlantic Treaty, the planning of the Canadian defence effort has proceeded within the regional framework of the North

[46] Voir le document 533./See Document 533.

Atlantic Treaty Organization. The decision taken by the United Nations in June 1950, to resist aggression in Korea has brought Canadian forces into action alongside the forces of other Commonwealth countries.

The aggression in Korea has made it abundantly clear, however, that the threat with which the free world is faced is a global one, and we share the view expressed in the United Kingdom Chiefs of Staff appreciation that there is an urgent requirement for the establishment of machinery to work out and implement strategy and defence plans on a world-wide basis. In the development of this global strategy the Middle East area is clearly one of very great importance, and we welcome this opportunity of sitting in with you and following the course of the deliberations of this conference in the study of the important issues before the meeting. The Canadian Government is anxious to receive as full reports as possible of these discussions which clearly represent an important step forward in developing adequate collective measures for the preservation of peace. UNQUOTE. Ends.

4e PARTIE/PART 4

RÉUNION DES MINISTRES DES APPROVISIONNEMENTS ET DE LA PRODUCTION DU COMMONWEALTH
COMMONWEALTH MEETING OF MINISTERS OF SUPPLY AND PRODUCTION

593. DEA/11370-40

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 16, 1951

RE COMMONWEALTH SUPPLY MINISTERS' CONFERENCE

The Commonwealth Supply Ministers' Conference, which was first suggested by Mr. Gordon-Walker at the Commonwealth Prime Ministers' Meeting last January, was held in London from September 19 to 27. Officials who assisted Mr. Howe were: Mr. T.N. Beaupré, Mr. R.P. Bower, and at times Mr. F. Hewett and Mr. A.E. Ritchie.

The agenda consisted of the following items:

(1) General raw materials position — review of prospects for production, consumption and prices of raw materials in relation to world economic trends and the effects of a shortage of raw materials on supplies of manufactured goods.

(2) Consideration of the position reached in the International Materials Conference.

(3) Consideration of individual raw materials, including: copper, cotton, lead, manganese, nickel, rubber, sulphur and pyrites, tin, tungsten and molybdenum,

wool and zinc. The addition of newsprint to the agenda was defeated in the first meeting.

(4) Consideration of manufactured and semi-manufactured goods.

You will recall that when the question of Canadian participation arose, we could foresee little real usefulness in such a meeting, but agreed to attend, as one official put it, in order that Canada would not appear in a "one against the world" position more often than is necessary.

Generally speaking, the Conference served a very useful purpose in disseminating information on supply problems which, while available to the U.K. and Canada because of their prominent positions in IMC and the North Atlantic community, was not known in as great detail by the other governments represented. Also, for the first time the various colonies had a voice in the discussions. As seen from a purely Canadian point of view, the success of the Conference was mainly negative, as follows:

(1) The Conference was content to merely underline the long-term supply difficulties which faced the Commonwealth without making plans for entering into any general agreement on policy or entering into any commitments.

(2) The proposal that a rigid price stabilization structure should be set up within IMC was dropped. IMC is commencing to discuss the regulation of prices of raw materials, but only in certain commodities, such as tungsten, where regulation appears to serve a useful purpose at this stage.

(3) No agreement was reached on establishing a system of agreed principles of priority for the allocation by the U.K. of steel and other goods under short supply, but the problem was referred to the Commonwealth High Commissioners. It is extremely doubtful whether they will be able to discover a solution to so complex a problem.

The Conference revealed that Canada was incomparably better off than any other Commonwealth country in virtually all the fields covered, including the supplies of steel and semi-manufactured and finished goods which we have been getting from the U.K. In the past we have done better at obtaining these supplies than other Commonwealth countries for two reasons — first, the need of the U.K. to earn dollars, and second, our direct lines to the Board of Trade and the Ministry of Supply. This preferred position may be a little more difficult to maintain in future. Certain Commonwealth countries have built up formidable sterling balances and are pressing for the conversion of these into either goods or dollars, and it is probably that the U.K. will have to yield somewhat to this pressure, but not to an extent which would be harmful to our position. Cuts in our allocation of steel are already forecast by the Commercial Counsellor for the last quarter of 1951 and for 1952.

The work of each of the IMC committees was reviewed at length. Mr. Howe declared that he was not convinced that the IMC should be expected, as some delegates suggested, to develop long-term detailed and overall allocations, since such planning must not only cut across normal commercial practices and have a degree of artificiality which is not realistic in international trade, but furthermore imposes a rigidity in trade which we should not welcome.

Discussion on this subject revealed the underlying cleavage of interest which exists between the under-developed countries and the others. The former, who are not very well acquainted with the work of IMC, were sceptical of the effort to introduce price stabilization into that organization, since they were averse to seeing the price of raw materials stabilized by an organization which has no control over stabilization of the price of capital equipment. They also claimed that higher living standards in backward areas were a more positive anti-Communist contribution than a re-armament drive in the industrialized countries and more deserving of a large share in the supply of scarce materials, particularly capital equipment. In this connection it was pointed out that if steel were diverted from Canada to, say, Malaya, in the form of capital equipment which could increase the output of rubber, this increased yield would bring into the sterling area far more dollars than the steel which was diverted.

Reverting to raw materials, Mr. Howe mentioned that countries which seemed most interested in obtaining our supplies are still maintaining import controls against them, and the presence of such controls, while not impeding seriously the movement of our strategic raw materials today, serves to remind our producers that if there is any easing of the supply position the machinery for discrimination against our exports is readily available. Plans for further investment for expansion of production must take cognizance of these restrictions.

It is expected that the United Kingdom Government will raise the question of a scheme for the allocation of U.K. steel, etc. with our High Commissioner some time in the near future, at which time we will ascertain the extent to which the modification of the U.K. export policy to dollar areas will be detrimental to Canada.

A.D.P. H[EENEY]

5e PARTIE/PART 5

IMMIGRATION DEPUIS L'INDE, LE PAKISTAN ET LE CEYLAN
IMMIGRATION FROM INDIA, PAKISTAN AND CEYLON

PCO

594.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 25-51 Ottawa, January 23, 1951

SECRET

IMMIGRATION FROM INDIA, PAKISTAN AND CEYLON

1. At its Meeting on December 21, 1950 the Cabinet agreed that the Department of External Affairs should investigate the possibility of entering into a treaty or

agreement with the Government of India and possibly the Governments of Pakistan and Ceylon concerning immigration to Canada.

2. Discussions were accordingly begun with the Government of India on January 5, 1951 when Officers of the Department of External Affairs proposed to the Acting Indian High Commissioner the conclusion of an agreement which would provide for the admission per annum to Canada of a stated number of citizens of India in addition to the first degree relatives already admissible under the law.

3. The Government of India warmly welcomed the Canadian initiative and asked for a draft agreement. This was handed to the Acting High Commissioner for India on January 18, 1951. The draft agreement which takes the form of an exchange of notes is now before the Government of India, who have expressed some anxiety to complete the matter by the anniversary of Indian Independence which is January 26, next.

4. The terms of the proposed exchange of notes are:

"(1) In the twelve month period commencing on the 1st day of January 1951, and in each succeeding twelve months period thereafter, the admission to Canada for permanent residence of one hundred and fifty citizens of India, including both sexes and all ages, shall be authorized provided the immigrants comply with the provisions of the Canadian Immigration Act.

(2) In addition to the citizens of India whose entry to Canada for permanent residence is authorized in accordance with paragraph (1) above, a citizen of India who can otherwise comply with the provisions of the Canadian Immigration Act may be admitted to Canada for permanent residence if he or she is the husband, wife or unmarried child under twenty-one years of age of any Canadian citizen legally admitted to and resident in Canada and if the settlement arrangements in Canada are shown to the Canadian authorities to be satisfactory.

(3) The provisions of Canadian Order-in-Council P.C. 2115, dated the 16th day of September, 1930, as amended by Order-in-Council P.C. 6229 of the 28th day of December, 1950, shall not apply to citizens of India.

(4) The admission to Canada as non-immigrants of citizens of India shall not be affected by the preceding paragraphs."

The Government of India has stated that the above terms are acceptable.

5. The High Commissioners in Pakistan and the United Kingdom have been requested to make similar proposals to the Governments of Pakistan and Ceylon. The only variation from the proposal made to India is that whereas it is proposed to admit 150 persons from India the figures for Pakistan and Ceylon are 100 persons and 50 persons respectively.

6. With the concurrence of the Minister of Citizenship and Immigration, I recommend that an exchange of notes as set out in paragraph 4 above be concluded with

the Government of India and agreements along similar lines with the Governments of Pakistan and Ceylon.[47]

L.B. PEARSON

6e PARTIE/PART 6

EXPORTATION D'ARMES À L'INDE ET AU PAKISTAN
EXPORT OF ARMS TO INDIA AND PAKISTAN

595. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

SECRET Ottawa, September 19, 1951

EXPORT OF ARMS TO INDIA AND PAKISTAN

Considering that the state of tension between India and Pakistan has recently increased, it has been thought advisable to review our policy on the export of arms to these two countries. We have obtained the views of those concerned here in Ottawa and have asked the United Kingdom and the United States if there has been, or if there is contemplated, any change in their policies.

2. Since the end of July, decisions on export permit applications submitted by both India and Pakistan have been deferred pending this review of policy. Up to that time all applications from either country were approved, if the material was available.

3. We have under consideration applications for the export to India and Pakistan of parts for tanks and military-type vehicles to a value of about $151,000 and $194,000, respectively. In addition the Canadian Commercial Corporation has received requests for quotations on the supply of various quantities of British-type ammunition to a value of 15 million dollars from India and 38 million dollars from Pakistan.

4. Before examining the practicability of using Canadian production facilities to manufacture these different types of ammunition, it is considered desirable that thought be given to whether or not export permits would be granted for the supplies requested. The quantities are estimated as reasonable for the requirements of the two countries, but their size is no doubt partly due to the serious deterioration that has taken place in their relations.

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[47] Approuvé par le Cabinet, le 24 janvier 1951. Voir Canada, *Recueil des traités*, 1951, Nos 1, 21 et 28 pour l'Inde, Pakistan et Ceylan respectivement.
Approved by Cabinet, January 24, 1951. See Canada, *Treaty Series*, 1951, Nos. 1, 21, and 28 for India, Pakistan and Ceylon respectively.

5. The tension which has existed in varying degrees since partition has reached a serious point and the possibility of open warfare can not be ruled out although both Governments consistently profess peaceful intentions. It is generally expected that the crisis will reach its most serious stage within the next two or three months.

6. The Joint Intelligence Bureau of the Department of National Defence has provided the following appreciation on the advisability of providing arms to India and Pakistan:

"The requirements for arms and equipment by both India and Pakistan are not related solely to the state of tension between them. In both countries they are required to maintain internal security and to provide for defence, both currency against minor border incidents with Afghanistan and Burma, and potentially against major threats to both countries from the USSR and Red China through Afghanistan, Tibet and Burma.

Reducing the sale of arms and equipment to either country would be ineffective militarily unless all other exporting countries did likewise and furthermore India or Pakistan might turn to the Soviet Block or to illegal arms traffic to obtain arms and equipment. Such courses of action are highly undesirable and any action on our part which might precipitate them should be taken only if it is reasonably certain that the arms and equipment will be used by the one country against the other.

It is considered that the likelihood of war between India and Pakistan will not be altered significantly by the sale of small quantities of arms and equipment to both countries on request, as such sales will not significantly alter the balance of their military capabilities ..."

7. The United Kingdom authorities have informed us that no decision in principle, based on the present situation, has been made or seems likely to be made to stop or reduce the export of arms to India or Pakistan. However, due to the many demands on United Kingdom supplies and competing claims for priorities, only small quantities of arms are being sold to the two countries.

8. The United States Government is temporarily holding up applications for the export of military equipment to either country pending further review of the situation in about a month's time. A shortage of supply from commercial sources and a lack of priority for allocations through MDAP channels have limited the quantity of arms that these countries can obtain in the United States.

9. India and Pakistan, by virtue of their geographical position and political sympathies, are potentially the democratic world's best insurance against further Communist expansion in South or South East Asia. In view of this consideration, it would seem that Canada and other friendly nations which may be able to supply modern military equipment should attempt to make available to them the quantities of arms required to assist them in their defences against possible future Communist aggression. Although India has some limited capacity for the production of arms, Pakistan's production of war materials is almost negligible. A ban on the export of arms to both countries would, therefore, more seriously affect Pakistan and would unquestionably favour India. In my opinion it is important that there be no suspicion of discrimination in our dealings with either country.

10. In the light of the above I believe that it would be difficult, and inadvisable, to refuse reasonable orders for arms from India and Pakistan until such time as it is considered that hostilities are imminent or have actually broken out. Outstanding permits and orders would be cancelled at any time when it was considered advisable to do so. The High Commissioners could be warned of this possibility.

11. I would recommend, therefore, that there be no change in our present policy on the export of arms to India and Pakistan and that the Canadian Commercial Corporation be informed that, when accepting orders from either of the two countries, it should be governed by the possibility that the contracts may have to be cancelled. This should be taken into account particularly for orders involving cancellation costs. I further recommend that the pending export permit applications be approved and that the Canadian Commercial Corporation be authorized to give quotations on the supply of the various types of ammunition requested, should it be considered advisable and practicable to do so after an examination of Canadian production facilities and our other commitments.[48]

L.B. PEARSON

7e PARTIE/PART 7

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

INDE : SECOURS EN CAS DE FAMINE
INDIA: FAMINE RELIEF

596. DEA/11302-40

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

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

CONFIDENTIAL [Ottawa], May 4, 1951

PROPOSAL FOR NEW OFFER OF WHEAT TO INDIA

As you know, when we offered wheat to India under the Colombo Plan last February the offer was turned down on the ground that it would "evoke serious public criticism" if low-grade wheat — all we had readily available at the time — were introduced into the Government-operated ration system.[49] The Indian Government's very tardy and guarded answer to our offer appeared to reflect domestic political difficulties which they could expect either in accepting low-grade wheat

[48] Approuvé par le Cabinet, le 26 septembre 1951./Approved by Cabinet, September 26, 1951.
[49] Voir le document 563./See Document 563.

which would have to be sold to the Indian people through the ration system or in finding themselves in the position of rejecting any offer of foodgrains at a time when extreme famine threatened.

2. There seems to be no doubt, on reviewing what took place earlier in the year, that the Indians have handled this question with ineptitude. Nevertheless, in the light of mounting world concern over India's famine, particulars of which will be summarized below, and for important political reasons I propose that consideration be given to opening negotiations for diversion of some wheat of a type acceptable to India for immediate delivery.

3. No wheat is readily available at present, even of a low grade; all that we can supply and ship before October is contracted for by other countries. To make an offer of the sort suggested would involve an approach to the Minister of Trade and Commerce suggesting, in effect, that one or more of our good wheat customers be temporarily displaced in favour of a doubtful one. I think you could certainly expect resistance to this suggestion. To meet it I outline below four points which might be made.

4. The first is that there is a great deal of evidence to show that the famine conditions into which India has now entered are really appalling. Our High Commissioner in New Delhi states that he is profoundly concerned over the seriousness of India's position and feels very strongly that we should do everything in our power "to supply as much wheat as possible of any grades India can use". The *Economist*, in a most forceful article in its April 21st issue, states that "the suffering, which is only just beginning, will certainly match the horror of five million deaths in the Bengal famine of 1943, and may considerably exceed it."

5. Central food reserves, in recent years inadequate in any case, are apparently down to zero; the famine areas are now literally living from "ship to mouth". The ration is only nine ounces of grain a day (total *food* per person) and, since April ushered in the period when domestic production seasonally slackens, the maintenance of this scale of ration in the famine areas now depends entirely on imports. Natural disasters have struck with abnormal frequency; there has been a failure of the monsoon for three consecutive years in the principal food-growing provinces and earthquakes, floods, drought and locusts have taken an unusually heavy toll this year. James Thomson, Deputy High Commissioner for the United Kingdom in Ottawa, who knows a good deal about India, says privately that the crisis is so formidable it is not unlikely that a censorship of famine reports might be imposed by the government before long to avoid panic.

6. The second point is that there has been a large volume of press comment both in Canada and the United States on these conditions. In the United States the responsible press have been almost unanimously critical of Congressional delays in passing the India Emergency Assistance Bill. Full page advertisements have appeared in the *New York Times*; editorials in the *Times*, *Herald Tribune*, *Washington Post*, *Christian Science Monitor*, *Saturday Review* and many others have urged action upon Congress and have pointed to the dangers of delay as well as (in the words of the *Washington Post*) to the denial of American tradition "when a stricken person asks for food, in demanding to know first how he voted in the last election".

7. In Canada, while there has not been much press comment on India's failure to take up our offer of wheat under the Colombo Plan, there has been some severe criticism (principally in the *Montreal Star* and *Ottawa Citizen*) arising out of an impression that we offered only No. 5 wheat which was unacceptable to the Indians and because we associated our offer with the Colombo Plan.

8. On the other hand opinion on the Colombo Plan itself manifested not only a surprising volume of editorial comment but a remarkable degree of enthusiasm for a Canadian contribution. A press survey made in the Department earlier this year disclosed that seventeen newspapers representing every province had commented editorially and it is noteworthy that the humanitarian aspect was predominant. As you are aware, there has been a fair volume of correspondence from Canadian citizens and organizations on wheat for India. I mention these factors because they would seem to indicate that the domestic political climate is generally favourable to measures for Indian famine relief.

9. The third point I think you could make is the favourable political effect of another offer of wheat throughout the world and specifically in the United States. The question of Indian famine relief is so much to the fore in the United States at present that I believe if it were possible to make this suggested diversion it would yield highly satisfactory political results.

10. The fourth point is that an offer of wheat to India for immediate delivery would undoubtedly exercise a most salutary effect on our relations not only with India but with all of South and South-East Asia. India has been negotiating with Peiping and Moscow for food-grains but apparently conditions have been imposed which may not be acceptable and in any case the good faith of the offers is in some doubt.[50] Nevertheless, it is by no means certain that in desperation India will not be forced to accept proposals from these sources. In the absence of any acceptable offers from the West, it is disturbing to consider what the political effects of a "deal" with China or Russia might be.

11. If these points can be successfully made, there remain difficulties in financing and transportation. Although Cabinet has already agreed to offer wheat to India under the Colombo Plan, you may now feel like asking for further funds to finance a wheat gift separately. There is a lot to be said, we think, for treating long-term development projects in South and South-East Asia on a different financial basis from emergency famine relief. The Government's offer under the Colombo Plan, while entirely defensible, has caused some misunderstanding of its motives and some resulting criticism.

12. The question of transportation raises two problems. One is ocean shipping and the other box-cars. Both are in short supply. I would suggest that with respect to the former, we might explore the possibility of enlisting support from the United Kingdom. The problem of box-cars would have to be dealt with by the Department of Trade and Commerce in collaboration with the Department of Transport.

[50] Note marginale :/Marginal note:
This is now outdated; acc[ording] to reports in [the] press, India is to get wheat from [the] USSR. This is "milo" from *China*. Not a gift; a commercial transaction. [A.D.P. Heeney]

13. Perhaps the greatest difficulty of all will be to explain why the Indians did not come forward to take No. 5 wheat when it was available. As you know, our grain experts do not regard No. 5 wheat as technically unmillable for Indian purposes as has been alleged in some quarters and as implied by Banerjee's public statement at the time No. 5 wheat was declined. Nevertheless, in view of its rejection I think we must conclude that, in effect, No. 5 wheat is unsuitable for India's use. The unsuitability factor may well be bound up with the extreme national sensitivity of the Indian people. It may even be that they feel "too proud to eat" if it means accepting grain which Western people are accustomed to feeding to their animals. Thomson admits that this is a valid point. In any event, it would now be very difficult for the Indians to reverse their position and say that No. 5 wheat is acceptable.

14. I should emphasize in conclusion that if you think there is merit in this suggestion, action would have to be initiated *at once*. The peak of the famine is the period April to late July or August. There would thus be no purpose in making arrangements which would not have the effect of delivering wheat to India until after this period, when stocks will rise normally. In order to achieve concrete results it would be necessary to divert wheat that is actually moving at present.

15. Mr. Howe, I know, likes to handle wheat questions through his own Department. But, if he agrees to diversions, he might prefer that the diplomatic missions should be used in approaching wheat customers from whom these diversions would have to be made if this proposal were accepted.

16. To summarize, there are three measures of help we can give to India:

(a) "Diversion" of wheat, box-cars and ocean shipping. We can only offer these at the expense of other customers holding firm commitments.

(b) Financial assistance in the purchase of wheat under the Colombo Plan. This offer has already been made but it has become confused with the low-grade wheat issue. We might make the offer again.

(c) Financial assistance separate from the Colombo Plan.

17. If you approve of this plan, the first step would be to discuss the question of diversion with Mr. Howe. If he is agreeable, the form of the financing (b or c above) could subsequently be considered.[51]

A.D.P. H[EENEY]

[51] Note marginale :/Marginal note:
OK L.B.P[earson].

597. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 15, 1951

. . .

INDIA; CANADIAN CONTRIBUTION TO ALLEVIATE FAMINE

4. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of February 9th, 1951, said that it was anticipated that the current famine in India would be as serious as that which had occurred in 1946, when more than 5 million deaths had occurred.

It would be recalled that India had not accepted a recent Canadian offer of No. 5 wheat. However, in view of the growing shortage of food in India, it was suggested that an outright Canadian grant might be made to India, on the understanding that the money so advanced could be used for the purchase of any Canadian foodstuffs thought suitable by the Indian government. Such a grant-in-aid might be made out of Canada's $25 million contribution to the Colombo Plan, since it was anticipated that only a small portion of this contribution would be used during the current year.

5. *The Prime Minister* was of the view that the major problem in India was not so much one of money as of supplies.

6. *The Minister of Trade and Commerce* pointed out that the only surplus food Canada could contribute at this time was No. 6 wheat. Although this grade was of poor quality, its nutrition value was high and it could probably be used to advantage in the famine areas of India.

7. *The Cabinet*, after further discussion, deferred decision on a possible Canadian contribution towards alleviation of famine conditions in India pending further consideration by the Minister of Trade and Commerce and the Secretary of State for External Affairs in consultation.

. . .

598. DEA/11302-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 100 Ottawa, May 21, 1951

CONFIDENTIAL. IMPORTANT

Banerjee called on me May 18th regarding food from Canada to meet Indian famine. I told him we were reviewing possibilities urgently. I asked whether No. 5 wheat would be usable (although warning him that Canadian supplies of this as

well as other wheat were now contracted for). He expressed the personal opinion that No. 5 would be useful if shipped as Canadian gift direct to famine areas instead of routed through central rationing system. He also mentioned dried milk, rolled oats, and vitamin capsules as possible welcome gifts. I asked him to explore the situation with his authorities.

2. This morning he came again and saw the Under-Secretary with rather fulsome message of thanks to me from his Prime Minister. Despite Banerjee's reassurances I am still worried lest Indian authorities might believe that Canada has already made, or is on the brink of making, a large new food offer. Please tell Bajpai that our present investigations are highly exploratory, that no governmental decisions have been made, and that any publicity might be embarrassing or even harmful.

3. Banerjee expects to tell us in a few days whether No. 5 wheat would be useful. He led us to believe that if United States supplied wheat and if current discussions with Burma regarding rice were successful, additional Canadian low-grade wheat would not be needed.

599. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 24, 1951

INDIA; CANADIAN CONTRIBUTION TO ALLEVIATE FAMINE

13. *The Secretary of State for External Affairs* reported that, following the decision at the meeting of May 15th, 1951, the Departments of Trade and Commerce and External Affairs had been giving further consideration to the question of a contribution towards famine relief in India. As there was public pressure for such a contribution, an early decision as to Canadian policy seemed desirable. Trade and Commerce would shortly be providing a report on the supply position in Canada respecting various products required by India, including dried milk and eggs, rolled oats and vitamin capsules, which appeared to be available in reasonable quantities. It was thought that it might be appropriate to ship a quantity of No. 5 wheat, as a gift, direct to one of the famine areas. It appeared, however, that, even though better grades were not available, India might, as earlier in the year, refuse to accept No. 5 wheat even as a gift. Should this be confirmed, it would help to relieve the pressure for Canadian contributions if it were made known that the government had made an offer of wheat which had not been accepted. In the meantime, it might be desirable to consider whether a token sum of money should be appropriated to cover purchase of such supplies as it might prove practicable to ship to India.

14. *The Minister of Agriculture* thought that there was considerable misunderstanding of the question of aid for India on the part of the public and that the facts should be made known with a view to reducing the pressure for Canadian contributions. Shipment of No. 5 wheat would be a poor advertisement for Canada even

though this grade had approximately the same nutritional value as higher grades. Good grades would again be available in about three months. While it might be desirable to make some gesture to India, elements of the public appeared to believe that Canada, despite its limited population, was in some way in a position to put an end to the succession of famines in India. As there were many wealthy individuals in India, and the Soviet Union was being paid for its wheat shipments, it appeared unnecessary for Canada to provide needed supplies without charge.

15. *The Minister of Fisheries* felt that even a modest Canadian contribution would have advantages although it might be preferable to send a good type of wheat later rather than a poor grade now. It was perhaps inappropriate for a producer of agricultural products like Canada to offer vitamin capsules.

16. *The Minister of Justice* suggested that the Indian government's attitude to No. 5 wheat was probably due to a feeling that it would be awkward to explain to the Indian public that a Commonwealth country had been the supplier of such wheat.

17. *The Prime Minister* believed that India's problem was more one of supplies than money and than an offer of funds might be criticized on that ground.

18. *Mr. Pearson* said that India was both important and vulnerable in the struggle with Communism, and that western aid would strengthen the country's position. Such aid would, for instance, help to offset the publicity that the Soviet Union had given to its wheat sales to India which, during the present year, had been only one-sixth as large as those of Canada. If Canada were to make some token contribution and to give it publicity, the United States, where Congress was making slow progress in considering a sizeable gift, as well as several other countries, might well take similar action. The cumulative effect of a Canadian gesture should, therefore, have beneficial results in India. The question of a Canadian contribution might usefully be considered again when a full report was available on the supply situation in Canada.

19. *Mr. St-Laurent* considered that, in due course, the Indian government should be given an indication of the supplies available for purchase and informed that, if there was any problem in payment, the Canadian government would be prepared to give consideration to accepting payment in kind or to finding some other solution.

20. *The Cabinet*, after considerable further discussion, noted the report of the Secretary of State for External Affairs on the question of a Canadian contribution towards famine relief in India, and agreed, tentatively, that the Indian government should in due course be informed of the supplies available in Canada for purchase, with an indication that, should there be difficulty in paying for any such supplies, the Canadian government would be prepared to give consideration to accepting payment in kind or to finding some other solution; the question of Canadian policy in the matter to be considered further when a comprehensive report on the supply situation in Canada was available.

600. DEA/11302-B-40

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

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

CONFIDENTIAL [Ottawa], May 29, 1951

FOOD FOR INDIA

Mr. Banerjee has been in touch with the Department on the points which he discussed with you and me at our meeting on Thursday morning, May 17.

I. *Refusal to Take No. 5 Wheat*

2. He said that the Indian Government did not wish to receive No. 5 wheat as a gift at this stage for free distribution in the famine areas. (In our conversation we had not, of course, been able to specify any quantity and had warned him that even No. 5 was now contracted for). The reasons he gave were that it was hoped that a rice agreement concluded with Burma a few days ago would supply the food urgently required for the famine areas in Madras State, which is a rice-eating area, and that India is now more confident of receiving wheat from the United States before very long.

3. Under the new rice agreement Burma has undertaken to supply an additional 120,000 tons of rice during 1951. (The transport of this will, of course, be relatively quick and easy). Each of the two houses of the United States Congress has now passed separate bills to provide 2,000,000 tons of wheat to India on a *loan* basis. The two bills have yet to be reconciled on some points, but the prospects are good for early United States action. A new agreement with China was signed in Peking on May 22 under which China will supply 400,000 tons of milo (a small grain similar to millet), with shipments to be completed within five months. These developments appear to have eased the situation considerably. Our New Delhi Office reports that the "authorities seem to think food imports will meet *minimum* requirements until August."

4. We were told some time ago by the New Delhi Mission, when it was a question of No. 5 under Colombo Plan financing, that the Indian authorities did not favour this grade because it was dark in colour and produced a dark flour when ground into *atta* (a 98% extraction, normally made by the consumer himself). Banerjee has also given the same explanation and has added that atta made from No. 5 would not roll and handle readily for making *chapatis*, the Indian unleavened bread. Thus, while No. 5 was admitted to have nutritional value, it was considered unsuitable for *sale* through the Government rationing system, and it was feared an attempt to do this would cause administrative and political difficulties and perhaps reflect badly on Canada.

5. Some of these objections might even apply to the *free* distribution of No. 5 to the most destitute persons, though they are not likely to be convincing to Canadi-

ans. In any case, the Indian authorities are apparently endeavouring to restrict the issue of dole food as much as possible.

6. There are limited ocean shipping, Indian storage and inland transportation facilities, and these might not be put to the best possible use if No. 5 were also sent to India. There is also the further difficulty that the famine areas are often supplied from stocks in other areas which are later replenished by overseas shipments. Naturally, No. 5 would not be very acceptable as a substitute or replacement in non-famine areas.

II. *Diversion of Higher Grades of Wheat*

7. We have also been considering the possibility of diverting higher grades of wheat to India from some of our customers who have already made contracts for it. The Department of Trade and Commerce has looked into the destinations of wheat currently moving and reports that a total of 19 million bushels are committed for May, June and July. Destinations are as follows:

12 million bushels – United Kingdom
5 million bushels – Japan
2 million bushels – divided between South Africa, Italy, Switzerland, Norway.

It should be noted that the Japanese commitment consists largely of No. 5 wheat.

8. If the prospects for supplies of food grains for India during the next few months have improved as much as would appear to be the case (see paragraph 3 above), we may be reluctant to approach some of our regular customers with the suggestion that they forego shipments to which they are entitled under contract. It ought to be noted here that India obtained a loan of wheat from the United Kingdom last autumn of 2,220,000 bushels and the United Kingdom might be rather reluctant to make a further loan now. However, if diversion is contemplated, as proposed below, probably the United Kingdom should be approached first. On the other hand, it might be added that in a telegram of May 24 the New Delhi Office stated that as far as they could learn "the Indian authorities are not expecting a large new food offer from Canada".

III. *Gift of Other Foods*

9. At the interview you said to Banerjee that we were looking into the possibility of sending other foodstuffs. He suggested that such things as rolled oats, powdered eggs, dried milk and vitamin capsules might be included as gifts. You asked him to explore the situation with his authorities. He reported to the department a few days ago that he had been informed that special foodstuffs and medicines to fight malnutrition, for free distribution to poor people, would be appreciated.

10. This answer was so general and vague that we sought a confirmation from our New Delhi mission. It reported on May 28 that the Indian Government "would welcome a gift of vitamin A capsules, multi-vitamin tablets, powdered milk, and multi-purpose food (a soya bean extract) if available". The first three are more urgently needed than the fourth. Rolled oats and powdered eggs are *not* desired. This list was compiled by the Health Ministry at the request of the Food Ministry and approved by the latter. The mission understands the food will be distributed

through hospitals in the affected areas to as many needy individuals as possible. The Department of Trade and Commerce have informed us that powdered milk and vitamin capsules are available in Canada in reasonable quantities.

11. There are certain objections to the gift of such special foods which should be mentioned. The first objection, which applies as much to wheat as to other foods, is that Canada is in constant danger nowadays of being expected to relieve famine (in Yugoslavia, India or elsewhere) merely because we are large food producers; this leads away from "ability-to-pay" on a national income basis, which is now the normal basis for United Nations appeals and which, broadly speaking, is the most equitable. The second objection, which applies to foods from Canada other than wheat, is that wheat is the *only* staple foodstuff that is produced in Canada in large quantities, that can be shipped readily to tropical areas, and that forms the basic diet of the masses of the population in certain areas of India. Any other food that we sent would scarcely touch the fringes of famine. Thus, our emphasis now should perhaps be shifted from general foodstuffs as such and towards "specific health foods and medicines". Here, again, we must be careful because we cannot undertake to raise levels of nutrition all over the world. Whatever is done must be tied closely to the relief of the exceptional famine conditions in India. Otherwise we might receive similar requests from other Asian countries which we would not be prepared to meet.

12. Nevertheless, it may still be desirable to make such a gift, partly to meet the increasing Canadian public opinion favouring government action on the Indian food crisis. I think you have had in mind a gift of special foods quite apart from our contribution to the Colombo Plan. They would not readily lend themselves to the creation of counterpart funds, since they would normally be handed out rather than sold, which would be the main justification for tying in such a gift with the Colombo scheme. Furthermore, there might be a variety of small items being sent to meet a temporary emergency. This means that a special appropriation would have to be sought for this purpose.

IV. *Recommendations*

13. *Recommendation A.*

As India's famine is essentially a grain crisis and as assured supplies from other sources can, at best, only help to maintain an extremely low ration, I suggest that Canada might endeavour to divert some higher grade wheat to India. The United Kingdom might be approached in the first instance to see if it would forego some early deliveries. The proposal could be put to the United Kingdom authorities in such a way that it would be entirely up to them to decide whether they could agree to some diversion. A few months ago the United Kingdom did agree to divert to India some wheat purchased in Australia and perhaps further diversion would not be possible at this time.

14. It is assumed that if higher grade wheat is diverted, it will be financed out of our contribution to the Colombo Plan. The Indian authorities have already told us that they would be prepared to accept better grade wheat from the next crop in this way, and presumably they would also accept it sooner on the same basis. The Aus-

tralian Government, incidentally, is proposing to make its allocation to India under the first year of the Colombo Plan in the form of wheat.

15. You will no doubt wish to consult your Cabinet colleagues on this.

16. *Recommendation B.*

As an alternative to A, or quite independently of what comes of this recommendation, it is suggested that a special gift of health foods and medicines might be made. We doubt whether the Canadian Government should attempt to select the special foods or medicines for shipment to India. It might be better to give a sum of money to the Indian Government to enable it to purchase itself such requirements from Canadian sources. It would then have the responsibility for deciding what was most needed, arranging purchasing and shipping, and eventual utilization in India. Such a gift would meet the demand made in Canada for an urgent, concrete contribution to the relief of the Indian famine.

17. I think you have had in mind a sum of $1,000,000 for such a purpose. This you will also want to discuss with your colleagues. If you wish, a memorandum for the Cabinet will be prepared on it. It should be added that there is no certainty that a sum as large as $1,000,000 could be spent immediately in Canada on a limited variety of special items such as vitamins and dried milk. The supply position cannot be accurately assessed unless the exact form in which such things are desired is known. The simplest solution would be to give the money without requiring that it be spent in Canada.

18. *Recommendation C.*

Until some definite decisions are taken on A and B it does not seem advisable to say anything specific to the Canadian public on the action that may be contemplated by the Government. It is suggested therefore that the non-committal answers prepared for your signature to letters you have received, which are now in your office, might be sent out in their present form and that no statement in Parliament should be made for the time being.

A.D.P. H[EENEY]

PCO

601.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 25, 1951

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INDIA; CANADIAN CONTRIBUTION TO ALLEVIATE FAMINE

19. *The Prime Minister*, referring to the discussion at the meeting of May 24th, 1951, recalled that in reply to questions in the House of Commons on May 30th, the Secretary of State for External Affairs had indicated that the government was exploring the possibility of diverting to India some of the current Canadian shipments of the better grades of wheat, and the availability of other kinds of items —

particularly health foods — for Indian famine relief, and that it would be glad to help in so far as it could with respect to private gifts for such relief.

Diversion of wheat to India had not proved possible. It was, however, understood that India had now arranged sufficient imports of grain to meet shortages until the end of the year, and that the rate of importation would be limited only by the capacity of Indian ports, which were already overtaxed. It had been suggested that a special appropriation might be sought to permit a gift to India of up to $1 million to be spent immediately, in Canada if possible, on a limited variety of special items, such as vitamins and dried milk. Also, as a request had now been received for the government to help pay the cost of transporting a private relief gift to India, it had been suggested that the special appropriation might include provision for defraying ocean freight charges on private gifts.

Finally it had been suggested that, if further questions were asked on these points in the House, it might be indicated that India was now receiving all the wheat it could handle and that a special appropriation was being sought for the two purposes mentioned.

(Memorandum to the Prime Minister from the Under-Secretary of State for External Affairs, June 23rd, 1951)†

20. *The Cabinet*, after discussion, noted the report of the Prime Minister regarding relief for India and agreed that:

(a) if necessary, it would be indicated in the House of Commons, prior to adjournment, that India was now understood to be receiving all the grain its ports could handle, and that the government did not consider India's financial position to be such as to make it necessary to seek a special appropriation to permit it to buy special items, such as vitamins and dried milk, in Canada, or to defray ocean freight charges for private Canadian relief donations;

(b) it should be indicated to those requesting government assistance in meeting the costs of ocean transportation to India of private relief gifts that they should make their own arrangements with shipping companies in conjunction with such bodies as the Canadian Red Cross Society and the organization known as C.A.R.E.

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SECTION B

NOUVELLE-ZÉLANDE
NEW ZEALAND

SUBDIVISION I/SUB-SECTION I

SUBVENTIONS POUR LA SOCIÉTÉ DE NAVIGATION AUSTRALIE-ASIE
SUBSIDIES FOR THE AUSTRALASIAN STEAMSHIP LINE

602. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 5, 1951

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STEAMSHIP SUBSIDIES; "AORANGI"

6. *The Prime Minister*, referring to discussion at the meeting of June 13th, 1950, said he had been informed by Canadian Pacific Steamships that the Company were considering an offer recently made by a Greek shipping company to purchase the steamship *Aorangi* now used on the Canada-Australia-New Zealand route.

It would be recalled that the Company had requested a three-way Canadian, Australian and New Zealand annual subsidy of $400,000 to continue the ship in operation. Under subsidy arrangements in effect prior to World War II, Canada had provided 2/3 and Australia and New Zealand jointly 1/3 of the subsidy then granted. It was to be noted in this connection that this ship could not make more than five or six round trips per annum and her life expectancy did not exceed seven or eight years. Passenger traffic represented 90 per cent and freight only 10 per cent of total revenues. The Company were not anxious to continue the service and wished to accept the offer of the Greek shipping company provided the federal government did not object.

During his recent visit to Ottawa, the Premier of New Zealand had made strong representations for the continuation of the service provided by the *Aorangi*.

7. *The Minister of Transport* pointed out that, although the pre-war subsidy arrangements were on a 2/3 Canadian and 1/3 Australia-New Zealand participation, the recent proposals would imply annual payments of $59,000 by Australia, $29,000 by New Zealand and the residual $331,000 by Canada. This would represent a much larger proportionate Canadian payment than those previously in effect.

It was further to be noted that the subsidy requested was based on an estimate of the income required to permit stockholders in the company to receive 5 1/2 per cent returns on their investment.

8. *The Minister of Fisheries* pointed out that the *Aorangi* had been operating in recent months at full passenger capacity in both directions. As he had mentioned

when the subject was discussed previously, this was the only passenger shipping link between Canada, Australia and New Zealand. If the service were to be discontinued, a major proportion of the traffic normally moving over this line would be diverted to the United States with consequent loss not only to Canadian ships, but also to Canadian railways.

9. *The Secretary of State for External Affairs* suggested, in view of the fact that New Zealand had shown the greatest interest in maintaining this service, that Mr. Holland might be asked to approach the Australian government with a view to reaching agreement between them to provide 1/3 of the annual subsidy required. If this were done, Canada might consider providing the remaining 2/3 of the subsidy.

10. *Mr. St-Laurent* felt that from the purely practical point of view continuation of this service did not appear to be sound business. However, there were other important considerations to be kept in mind such as the maintenance and strengthening of links between the free nations of the world, possible changes in the direction of world trade, and so on.

In communicating with New Zealand authorities in this matter, the Secretary of State for External Affairs should probably make it clear that if Australia and New Zealand agreed to assume responsibility for 1/3 of the subsidy, Canada would attempt to negotiate a new agreement for one year at an annual subsidy not in excess and if possible below $400,000.

11. *The Cabinet*, after considerable further discussion, agreed that:

(a) the Secretary of State for External Affairs communicate immediately with New Zealand authorities with a view to ascertaining whether Australia and New Zealand jointly would be prepared to assume responsibility for 1/3 of the annual subsidy required to continue the steamship *Aorangi* in service;

(b) if and when Australia and New Zealand agreed to such an arrangement Canada would attempt to prevail upon Canadian Pacific Steamships to continue operating the *Aorangi* for another year at a subsidy not in excess of and preferably below $400,000; and,

(c) pending conclusion of an agreement along these lines, Canadian Pacific Steamships be requested to postpone the contemplated sale of the steamship.

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603.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 21 & 22, 1951

STEAMSHIP SUBSIDY; "AORANGI"

26. *The Minister of Transport*, referring to discussion at the meeting of February 19th, 1951, reported that the governments of Australia and New Zealand had now

agreed to assume responsibility for one-third of the subsidy required to continue the S.S. *Aorangi* in operation for another year on the Canada-Australia-New Zealand route. The Australian share would be approximately $100,000 and the New Zealand $33,000. The total subsidy involved would be approximately $400,000.

27. *The Cabinet*, after discussion, agreed that the Minister of Transport issue a statement to the press to the effect that satisfactory arrangements had been made by the governments of Canada, Australia and New Zealand to provide the subsidy required to continue the S.S. *Aorangi* in operation for another year on the Canada-Australia-New Zealand route.[52]

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SUBDIVISION II/SUB-SECTION II

BEURRE
BUTTER

604. PCO/Vol. 195

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

[Ottawa], April 20, 1951

THE IMPORTATION OF NEW ZEALAND BUTTER INTO CANADA

During the last 20 years the annual production of butter in Canada has very nearly equalled annual consumption. Generally, it has been necessary to import only marginal quantities to bridge the gap between the time when the previous year's stocks of Canadian butter have been depleted and the beginning of new production in the Spring. The object of Canadian butter policy has been to seek an arrangement whereby butter is imported only when Canadian supply is depleted and to prevent such butter from entering the Canadian market and depressing prices when Canadian supplies are adequate.

History of Canada-New Zealand "Butter" Relations

2. Under the Canada-New Zealand Trade Agreement of May 24th, 1932, New Zealand was accorded a rate of 5 cents per pound on butter.[53] This rate is still in effect. (Other rates are: preferential, 8 cents; intermediate, 12 cents; general, 14 cents). Section IV of the Agreement provided that Section 6 of the Canadian Customs Act might, upon one month's notice to the New Zealand Government, be applied to goods if their importation would seriously affect the producers of similar

[52] Voir/See Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Volume 6, No. 16, [February 23, 1951] p. 8.

[53] Voir Canada, *Recueil des traités*, 1932, N°. 2./See Canada, *Treaty Series*, 1932, No. 2.

goods in Canada. At the time of the Agreement, Section 6 of the Customs Act provided for a dumping duty:

(1) When the export price is less than the domestic price in country of origin;

(2) When a "fair market value" has been established, under Section 43 of the Customs Act, for goods the entry of which is prejudicial to Canadian producers;

(3) In the case of goods from countries of depreciated currencies, when the Governor in Council has, for customs purposes, fixed a rate of exchange higher than the current rate.

3. The second provision for "arbitrary valuation" was withdrawn in respect to Empire Preference countries on November 25th, 1932 by amendment of the Customs Act. The third provision for "exchange dumping duties" was withdrawn in 1948, following Canada's adherence to G.A.T.T. The first provision is the only one valid at present.

4. On March 13th, 1933, formal notice was given by Canada under Section IV. When New Zealand replied that remedial measures could not be taken, an "exchange dumping duty" was applied. On August 19th, 1933, at a meeting between The Hon. Mr. Forbes and The Hon. H.H. Stevens, it was agreed to place before the respective Governments a proposal that Canada should waive dumping duties on New Zealand butter if New Zealand would export only with the prior consent of the Canadian Government and sell at a price not less than a minimum set by Canada. This did not lead to a lasting arrangement. By December, 1933, New Zealand exporters were accepting orders for butter without the New Zealand Government having obtained prior permission from Canada and it was necessary, after an exchange of notes in January, 1934, to reinvoke Section IV.

5. At first it proved sufficient to impound the butter and release it within the thirty day period as and where it could be absorbed by the market. In March, 1934, however, and for the following three years, dumping duties were applied when necessary.

6. In 1937 the New Zealand Government, dissatisfied with the quantity of butter which Canada was taking, asked for removal of dumping duties and admission of a specified minimum quantity. In September, 1937, Canada offered to cancel the dumping duty if New Zealand would return to the 1933 arrangement whereby butter would be shipped only when Canada indicated a need and only to the extent of that need. New Zealand rejected the proposal, fearing the loss of even the small trade she then enjoyed.

7. In 1938 the question of entry without dumping duty was again raised by New Zealand. In a note of July 29th, 1938, the Canadian Government offered to abolish exchange dumping duties on butter "if or when, in the opinion of the Canadian Government, shipments of butter threatened the interests of Canadian producers, the New Zealand Government would restrict shipments of butter to Canada to reasonable and satisfactory proportions".

8. In a telegram of August 8th, 1938, the New Zealand Prime Minister replied:

"Although your telegram of July 6th contained no reference to possible restrictions of butter as condition to abolition of exchange dumping duty, my Government

appreciates the desire of your Government to afford reasonable safeguards to the interest of Canadian producers. Accordingly, my Government are prepared to take all possible steps to meet any reasonable requests from the Canadian Government regarding the limitation of shipments from New Zealand, but trust that no such measures will be necessary. It will be understood that should any difficulty arise in giving effect to any such requests, the matter may form the subject of consultation with the view to arriving at mutually satisfactory arrangements."

9. The introduction of wartime controls had the effect of suspending this arrangement, but it was never formally terminated as the method of procedure for normal times. P.C. 2138 of May 23rd, 1940, established the Dairy Products Board with authority to prohibit the importation of butter into Canada without a permit. In May, 1947, the Dairy Products Board was withdrawn from the National Emergency Transitional Powers Act and was established under the Agricultural Products Act, 1947.

GATT: The Present Position

10. On January 1st Canada and New Zealand provisionally implemented the General Agreement on Tariffs and Trade. The General Agreement established principles of commercial behavior judged to be in the best interests of all the Contracting Parties. The General Agreement permits the application of dumping duties, for example, when the selling price of butter in New Zealand is higher than the price at which it is being offered for export to Canada. This is not the case at the present time. Arbitrary valuation for duty and exchange dumping duties are forbidden under GATT.

11. Canada has legislative authority under the Export and Import Permits Act (1947) to prohibit import of limited classes of goods. However, the provisions of GATT impose the following limitations on the use of this power:

(a) Import controls of this kind may be exercised only when the commodity concerned qualifies as an exception under Article XIX "Emergency Action on Imports of Particular Products" or Article XX "General Exceptions". Article XIX 1(a) provides for the suspension of obligations incurred in the Agreement "if any product is being imported into the territory of that Contracting Party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or competitive products".

(b) Before such restrictive action is taken, however, prior consultation with the country affected is normally required. If this is not possible, there must be consultation immediately after taking such action. Further, if the affected country considers the action injurious to it, retaliatory action may be taken.

Recent Discussions with New Zealand

12. On December 29th, 1950, the Minister of Agriculture informed Cabinet that private Canadian importers had contracted for a large shipment of New Zealand butter which was en route to Canada. He stated that if such a shipment were placed indiscriminately on the Canadian market, it might endanger our price support program. He felt that it was essential that this butter be delivered to the Agricultural Prices Support Board and, if this could be done only by applying import controls, it

was desirable that these should be applied and made effective for butter already under contract.

13. The Minister of Agriculture was able to make informal arrangements with the importers to deliver the New Zealand butter to the APSB. To prevent further situations of this sort, the Minister asked and received Cabinet approval on January 15th, 1951, for import control of butter. An enabling Order-in-Council was passed on January 24th.

14. Meanwhile, the New Zealand High Commissioner, in a letter of January 22nd,† having heard of the discussions, asked that no formal steps be taken until his Government had been given a chance to express its views. In a further letter of January 26th,† he drew attention to the exchange of telegrams in July-August, 1938, and stated, on instructions from his Government, that the understanding then reached was considered to be still in operation and that, if the Canadian Government were concerned about importation of New Zealand butter, the way was open for consultations.

15. In view of this understanding which had apparently been overlooked in Ottawa, Cabinet, on January 26th, rescinded the Order-in-Council placing butter under import control. Later, informal discussions were held with the New Zealand Prime Minister when he visited Ottawa in February.

The Present Controversy

16. Although the Minister of Agriculture is apparently prepared to continue the 1938 understanding, he is anxious to extend its terms and has asked this Department to obtain the agreement of the New Zealand Government not to export butter to Canada without first advising the Canadian Government of the prospective quantity available for such movement and without obtaining the prior agreement of the Canadian Government. The Canadian Government would then reserve the right to:

(a) allow importation of the butter through the normal channels of trade;

(b) request that the butter be sold only to the Canadian Government for their own account and distribution;

(c) ask that the movement of butter to Canada be deferred.

17. Before an approach was made to the New Zealand Government, their High Commissioner in Ottawa wrote to the Prime Minister asking for confirmation of the Canadian Government that it is our understanding "that the 1938 texts contained no mention of formal advice to the Canadian Government of proposals to sell butter — nor of obtaining the approval of the Canadian Government before proceeding with negotiations with importers".

18. This is where the matter now stands. The question arises: how far can we insist that the New Zealand Government accept our request for prior notification without retreating from our commitments under GATT? There are two points I might suggest in this regard.

(1) It is perfectly in order to request the New Zealand Government for prior notification and request that they obtain prior consent before shipping. If New Zealand would voluntarily agree to this proposal it would be our understanding that she would be giving tacit agreement not to question the implementation of such com-

mitments at the Sessions of the Contracting Parties to GATT. Thus the arrangement would be a bilateral one entirely apart from any commitment which either they or we may have under GATT.

(2) If New Zealand does not agree with our proposal, and if we wish to insist that our requirements be met, we shall be faced with a difficult situation under GATT. Our proposals are clearly not in accordance with GATT principles; none of the escape clauses cover the case exactly. Since we have taken a leading part in GATT and have constantly pressed for a strict construction of the General Agreement, we should find ourselves in an extremely embarrassing position at future Sessions of the Contracting Parties. In addition, such action would remove the basis for future Canadian complaints against other GATT countries (e.g., our annual potato problem with the United States).

19. Our conclusion is that it would be worthwhile asking the New Zealand Government to agree to our proposals, but if they refuse, it would be most unwise to insist. The New Zealand Government has been cooperative in the past and apparently appreciates the Canadian situation. Therefore, it would seem preferable to make use of informal devices to meet difficult situations.

20. In addition, while GATT does not give adequate year in-year out protection, it does provide adequately for situations which cause hardship to Canadian producers — as does the 1938 agreement. The relief may be applied only after the first symptoms appear, but it would seem preferable to take this risk than to jeopardize our integrity as a member of GATT.

A.D.P. H[EENEY][54]

605. DEA/5909-40

Note du greffier du Conseil privé et secrétaire du Cabinet pour le secrétaire d'État aux Affaires extérieures

Memorandum from Clerk of Privy Council and Secretary to Cabinet to Secretary of State for External Affairs

Ottawa, May 5, 1951

NEW ZEALAND BUTTER

The Prime Minister has now received the views of Mr. Howe and Mr. Gardiner concerning the reply that should be sent to Mr. Hislop's letter of April 4 about the interpretation of the agreement with New Zealand on butter. Mr. Howe simply expressed the view that the terms of the agreement of 1938 were adequate without any new understanding concerning prior agreement for importation. A copy of Mr. Gardiner's letter† is attached hereto. Mr. Pickersgill has sent me a memorandum concerning the correspondence, the essential portion of which is as follows:

[54] Ce document a aussi été parafé par L.B.P[earson].
This document was also initialled by L.B.P[earson].

"I gather that Mr. St. Laurent's impression was that, rather than reply to Mr. Hislop himself, it would be preferable to have Mr. Pearson deal with him either by letter or interview. I am not sure whether the Cabinet conclusions will show what reply Mr. Pearson should make to Mr. Hislop. I presume he will wish in any case to consult the Ministers of Agriculture, Finance and Trade and Commerce before doing so".

Since the above exchanges of view, Mr. Gardiner has made his statement of April 27 about the floor price for butter in the next two years.[55] In the course of it, he said:

"The government has asked the dairy products board to make a survey of the carryover as of December 1 in each year, and, if it is found that there is not sufficient butter to carry the consumers through to April 1 with a normal carryover, that the board negotiate with those countries whose butter is admitted to Canada on arrangement at a preferred duty for any amount required to be distributed through the trade on the same price arrangement as Canadian butter".

My understanding and that of Mr. Sharp of Trade and Commerce, to whom I have spoken, is that the plan is to have all butter imports by the Dairy Products Board and none by the trade. The best way of doing this would be to have butter placed under import control on the basis that permits would be issued only to the Board. If this is done, it means that the question as to the interpretation of the 1938 agreement is academic for two years at least. I do not think that such a policy would be any surprise to the New Zealand government. Mr. Perry of the High Commissioner's office spoke to Gordon Robertson about the matter the other day and on being told that the above was likely to be the way in which the policy would be carried out he said that it was what they themselves had assumed after reading Mr. Gardiner's statement.

As the matter has not been definitely cleared up in the Cabinet, the best course might be for you to raise it there on the basis that you have to send some reply to the High Commissioner. If a policy of import control for two years is definitely decided on perhaps Mr. Hislop could simply be informed of the position and told that it puts the previous discussion out of date.

N.A. R[OBERTSON]

[55] Voir Canada, Chambre des Communes, *Débats*, le 27 avril 1951, pp. 2506-2507.
See Canada, House of Commons, *Debates*, April 27, 1951, pp. 2448-2449.

606. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 26, 1951

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BUTTER; IMPORT CONTROL

12. *The Minister of Agriculture*, referring to discussion at the meeting of May 16th, 1951, suggested that a decision on import control policy for butter was desirable. There were indications that private traders were interested in importing butter at the present time.

Production figures showed that, while output was lower in the early months of 1951 than in the same period of 1950, it had turned up since the second week in May. At the same time consumption from February to May showed a decrease of 6.5 percent from 1950. Storage stocks of butter as of June 1st were 16,109,000 pounds. This was about 16 million pounds below the same date in 1950 but only 5,500,000 pounds below the past 5-year average from that date. In the circumstances, there appeared a reasonable likelihood that sufficient butter would be produced in 1951 to meet domestic demand. If it seemed, however, that a deficiency was likely to develop, the government could review the situation at December 1st and arrange for any needed imports. It was recommended that the proposed Agricultural Products Board be established as the exclusive importer of butter into Canada and that this be done by designating butter as subject to import control under the Export and Import Act with the understanding that import licences would be issued only to the board.

An explanatory memorandum was circulated.

(Minister's memorandum, June 25, 1951 — Cab. Doc. 182-51)†

13. *The Prime Minister* said it seemed clear that an import policy was necessary along the lines suggested. It was important to ensure, however, that a situation should not develop in which the board would not have sufficient butter to supply consumers at the floor price plus carrying charges. In order that the matter might be kept under constant review, it would be desirable to have weekly statistical reports on butter production and stocks sent to the Secretary to the Cabinet for distribution to ministers.

14. *The Cabinet*, after discussion:

(a) approved the recommendation of the Minister of Agriculture and agreed that butter be designated as subject to import control under the Export and Import Act with the understanding that, subject to the establishment of the Agricultural Products Board as recommended, import licences would be issued only to the board; and,

(b) agreed that weekly statistical reports on butter production and on stocks in hand in Canada be provided by the Department of Agriculture to the Secretary to the Cabinet for the information of ministers.

607. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 4, 1951

PROPOSED AGRICULTURAL PRODUCTS BOARD; POLICY ON IMPORTATION OF BUTTER

16. *The Prime Minister*, referring to discussion at the meeting of June 26th, 1951, said consideration had now been given by representatives of the Departments of Agriculture, Finance and Trade and Commerce, to the proposal to establish an Agricultural Products Board and to the policy on importation of butter.

There were felt to be objections to acting under the Emergency Powers Act to establish the Board, although it might be unavoidable in the circumstances. As no funds had been appropriated either for the Board or for the importation of butter, the proposal to place butter under control with permits to be issued only to the board would amount to a prohibition on imports for the time being. It was also pointed out that it would be necessary for the Cabinet to take decisions as to the quantity of butter that should be imported and that there would be complex price problems in connection with government sales.

It was recommended that the Department of Agriculture investigate with the New Zealand authorities the possibility of making arrangements for the importation of up to 10 million pounds of butter during the next winter and that no definite decisions about the Board or import policy be taken until the supply situation was somewhat clearer about the end of July. At that time, an Order under the Emergency Powers Act might be thought desirable, possibly to take effect September 1st. If it were passed, certain modifications would be necessary in the proposed Board Regulations.

An explanatory memorandum was circulated.

(Memorandum, Secretary to the Cabinet, July 4, and attached revised Agricultural Products Board Regulations — Cab. Doc. 188-51)†

17. *Mr. St-Laurent* pointed out that, if it were later decided to have the Board established by Order under the Emergency Powers Act, it should be on the understanding that specific legislation for the purpose would be substituted for the Order at the next session of Parliament at the same time as an appropriation was sought for funds to finance the operations of the Board and to cover imports of butter.

18. *The Cabinet*, after discussion, noted with approval the report of the Prime Minister and agreed that:

(a) action be deferred on the establishment of the Agricultural Products Board and the designation of butter under the Export and Import Permits Act;

(b) the Department of Agriculture discuss with New Zealand representatives tentative arrangements for the importation of up to 10 million pounds of butter for delivery during the winter of 1951-52; and,

(c) the domestic supply situation be considered further, along with the results of the discussions with New Zealand representatives, at the end of July to determine whether action should be taken to establish the Agricultural Products Board and to place butter under import control, on the understanding that any action so taken involving the Emergency Powers Act would be only for an interim period until specific legislation could be passed and appropriation sought at the next session of Parliament.

. . .

608. L.B.P./Vol. 7

L'adjoint spécial du secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures

Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET AND PERSONAL Ottawa, July 25, 1951

Dear Mr. Pearson:

I thought that before returning you would like to know some of the details about the butter problem, which I gather, has been engaging more of the Prime Minister's attention than any other subject for the past few weeks.

You will remember that in the spring there was a good deal of anxiety over the possibility that declining butter production might lead to much higher prices. At a Cabinet meeting in June after you left this anxiety led to a proposal that the Government should set up a board to buy butter abroad and that the new organization should be authorized to make purchases at once. Mr. Gardiner resisted this proposal, arguing that, in fact, an upswing in butter production was already noticeable. With that facility in juggling figures at which he is so adept, he forecast that there would be a 5% increase this year in butter production over last year's figures and that this would be accompanied by a 5% decrease in total Canadian requirements. Under those circumstances no imports would be necessary. As a result of this special pleading, the Cabinet decided to defer any purchases abroad until the trend of domestic production could be ascertained more clearly.

Mr. Gardiner's optimistic production forecasts were resoundingly falsified very shortly after he made them. Earlier this month it became known that the figures for May and June showed a still further drop in Canadian butter production; and the figures for the first two weeks of July have been even more disappointing. About the middle of the month the head of the New Zealand Dairy Products Board was in Ottawa and advantage was taken of his visit to explore the New Zealand supply position. When it was learned that virtually all of New Zealand's exportable surplus had already been committed to other countries, there was great consternation.

It seems that this year, by exception, even countries such as Ireland and Switzerland, which normally export butter, have been in the market for it. At the present time New Zealand has only some 20 million tons for sale. Even if we could obtain all that remains, that would only cover Canadian requirements for some three weeks.

At its meeting a week ago on the 18th July Cabinet, therefore, decided (in Mr. Gardiner's absence) that the Canadian Commercial Corporation should buy immediately 10 million tons of New Zealand butter and should take an option on 5 million additional tons. When Mr. Gardiner learned of this decision he hit the roof. He got in touch with Mr. Howe and protested so vigorously that Mr. Howe decided not to carry out the Cabinet decision, at least for the time being. I gather that the Prime Minister and Mr. Howe both felt that the purchases should be made but yielded reluctantly to Mr. Gardiner's pressure.

Mr. Gardiner is returning to Ottawa next week and a meeting of Cabinet to consider this question has been called for the 1st August. It seems likely that the decision made on the 18th July will be confirmed. Even so, it is by no means certain that the quantities of New Zealand butter which are required can now be procured. The world supply situation is so tight that New Zealand availabilities are being rapidly whittled down. In addition, of course, New Zealand will be in a very strong position to set a stiff price.

You know so well the symbolic importance of butter in Canadian politics and its effect on political fortunes in many constituencies that I don't need to elaborate the importance of this issue. However, you might perhaps want to be reminded of the way in which butter prices affect consumers as well as producers. Inability to buy abroad and consequent shortages in Canada will inevitably lead to higher prices; and a rise in butter prices is reflected very markedly in the cost-of-living index. For example, an increase of 9 cents in butter prices produces a rise of one point in the cost-of-living index.

There is no reason at all why you should trouble yourself over this issue while you are away. But I thought that you would like to know about it before you got back.

With all best wishes.

Yours sincerely,

DOUG [LEPAN]

609. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 31, 1951

BUTTER; IMPORTATION; DOMESTIC PRICE POLICY

1. *The Minister of Agriculture*, referring to discussion at the meeting of July 24th, 1951, submitted a memorandum concerning the butter position in Canada.

Copies were circulated.

(Minister's memorandum, July 31, 1951 — Cab. Doc. 200-51)†

2. *Mr. Gardiner* pointed out that butter stocks on May 1st, 1951, were 10.2 million pounds. This was close to the normal situation for the years from 1939 - 1951 when quantities in storage on that date had averaged 9.6 million pounds. Records suggested that the government should not be setting up conditions that would leave a surplus of more than there was on hand on May 1st, 1951. However, leaving the exceptional purchases of 1948-49 out of account, there was nothing either wrong or unusual about a storage of 32.1 million pounds on July 1st, 1951.

Discussions with New Zealand representatives indicated that their Co-operative Board had sold the United Kingdom 85 per cent of the N.Z. exportable surplus, estimated at 215 - 225 million pounds, at a price of approximately 39 cents Canadian funds f.o.b. New Zealand ports. This would be at the rate of 41 1/4 cents a pound laid down at Halifax. It appeared that New Zealand was prepared to sell Canada 10 million or more pounds of butter at 58 cents a pound. The duty paid cost would be 63 cents a pound. This price appeared to be too high in relation to the price paid by the United Kingdom.

If it was thought that some butter should be purchased from New Zealand, it should not be more than 10 million pounds. There should also be an announcement that, for three or four months at least, the government would pay an incentive price to Canadian producers which was slightly higher than the trade had paid to date. This, together with purchases from New Zealand, would put more butter on the market in Canada than was required. If a plan along these lines were to be followed, the Agricultural Products Board, the establishment of which had been recommended previously, should be given authority to purchase all imported butter under a system of permits.

3. *The Minister of Trade and Commerce* thought that, as all purchases at present were well above the floor price of 58 cents, it would be undesirable to raise the floor. Account had to be taken of the effect of butter prices on the cost of living. An announcement would be made shortly that the index for June had gone up by 3.5 points. From January to July the increase was 15 points, of which food made up 9.1 points. Butter alone was responsible for .6 of a point of increase. He was of the opinion that it was not desirable for the government to remain in the position of determining the amount of butter to be imported. The best course might be to

announce that importations would not be restricted and to allow the trade to bring in whatever butter it could secure at such prices as might be available.

4. *The Prime Minister* believed that, if the importation of butter was thrown entirely open to the trade, there might be a feeling by producers that this would cause them substantial injury. At the same time, it was not desired, particularly, to increase domestic production of butter if farmers had satisfactory alternative outlets. The only government obligation was to enable the domestic producer to rely on the Canadian market to whatever extent it was profitable for him to do so, having regard to other types of production and sources of income.

In assessing the present supply position, it did not appear to be valid to base conclusions on the situation that had prevailed several years back when conditions were very different. On May 1st, 1950, there had been 28 million pounds in stock. In the spring of 1951, although there were still 10 million pounds on hand, this did not prevent a serious jump in prices. It seemed clear that under present marketing conditions a carry-over of 10 million pounds could not be regarded as adequate.

It appeared from the 1950-51 experience that it was necessary for the government to have substantial stocks of butter under its own control if prices were not to get out of hand in the spring. In the circumstances, a possible course might be to purchase 10 million pounds of butter from New Zealand at the offered price of 58 cents per pound c.i.f. Halifax which, with duty, would result in a price of 63 cents. In addition, an option might be taken on another 10 million pounds but on the declared basis that, if 10 million pounds of butter were received by the government from domestic production at 63 cents per pound, the option would not be exercised. Under this proposal the government would not stand ready to buy unlimited quantities of butter at 63 cents and it would have to be made clear that the government was not raising the floor price to that figure. It would simply be an offer open until 10 million pounds had been received. In purchasing butter at that figure the government policy would be to resell in February or March at the lowest possible figure — the purchase price plus carrying charges.

5. *The Cabinet*, after considerable discussion, agreed that:

(a) negotiations be entered into with New Zealand for the purchase of 10 million pounds of butter at 58 cents per pound c.i.f. Halifax or Montreal, and for an option to purchase such additional amount of butter as might be available up to 10 million pounds;

(b) in announcing its decision, the government state that it would be prepared to buy butter from domestic production at 63 cents per pound until 10 million pounds had been received and that, if that amount of butter were received, it would not exercise the option to purchase from New Zealand;

(c) the government indicate that butter imported from New Zealand or purchased out of domestic production would be held for sale at a later date preferably after February 1st, 1952, at cost plus carrying charges; and,

(d) the Minister of Agriculture submit to the Cabinet for subsequent approval a draft announcement to the above effect and such additional measures as might be necessary to implement the policy.

610. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 15, 1951

. . .

BUTTER; IMPORTS AND DOMESTIC PURCHASES

1. *The Prime Minister*, referring to discussion at the meeting of July 31st, 1951, reported that a submission to Council had been prepared to implement the previous decision to have the Agricultural Products Board purchase up to 10 million pounds of butter for importation into Canada and to take an option on an additional amount up to 10 million pounds at a price not to exceed 63 cents per pound, landed in Montreal. Further negotiations with New Zealand showed that the price presently being asked there would be over 63 cents. It appeared that 3 million pounds of butter could be bought from Denmark at a landed price of 60.3 cents and that an option might be possible on an additional 3 million pounds. Butter had been offered from the Netherlands at 64 cents and it might be possible to secure some at a lower price.

The Deputy Minister of Agriculture had reported butter consumption to be down by 9 per cent in July and production up by 4 per cent, as compared with 1950. Butter stocks had improved between July 1st and August 1st, by 2,873,000 pounds. It has also been found that import orders placed by the private trade prior to August 1st amounted to 4,424,000 pounds. In the circumstances, it was suggested that consideration might be given to reducing purchases by the Agricultural Products Board from 10 million pounds to 6 million pounds. It was also suggested that the price for domestic purchases be set at 64 cents per pound basis delivery Montreal.

2. *Mr. St-Laurent* pointed out that the decision to buy up to 10 million pounds of butter abroad and take an option on an additional 10 million pounds had been taken at a well-attended Cabinet meeting. It should probably not be altered without further consideration by a majority of ministers. The same applied to the domestic purchase price which had been set tentatively at 63 cents to equal the expected duty-paid cost of imported butter.

An explanatory document was circulated.

(Letter, Deputy Minister of Agriculture to the Secretary to the Cabinet, August 14 — Cab. Doc. 210-51; letter, Deputy Minister of Agriculture to the Prime Minister, August 15; memoranda, Secretary to the Cabinet to the Prime Minister, August 15)†

3. *The Cabinet*, after discussion, agreed that:

(a) formal direction be given to the Agricultural Products Board to purchase up to 10 million pounds of butter from other countries and to take an option on additional quantities up to 10 million pounds; the price of purchase and the option price not to

exceed 63 cents per pound, landed in Montreal; an Order in Council to be passed accordingly; and,

(b) no decision be taken to reduce purchases abroad to 6 million pounds or to set the price for domestic purchases of butter at 64 cents per pound without full consideration by the Cabinet.

(Order in Council P.C. 4210, August 15, 1951)

...

611. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 29, 1951

...

BUTTER; REPORT ON IMPORTS AND PROPOSED ARRANGEMENTS FOR SALE; PROCEDURE FOR PURCHASE OF DOMESTIC BUTTER

1. *The Prime Minister*, referring to discussion at the meeting of August 22nd, 1951, said a report had been received from the Department of Agriculture that the Agricultural Products Board had now purchased, for import, 10 million pounds of butter — 3 million from Denmark and the same quantity from Sweden at 60.3 cents per pound, 1 million from the Netherlands at 60 cents and 3 million from New Zealand at 63 cents — all prices duty-paid, c.i.f. Montreal. Negotiations were proceeding for options on an additional 10 million pounds. The European butter would be up to Canadian standards but there was some uncertainty as to its storing quality and acceptability to the Canadian trade. For these reasons, it was proposed to put the European butter into consumption shortly after it landed and to take from the Canadian trade in return equal quantities of Canadian butter in store. To do this, it would be necessary to pay the trade approximately 2 cents per pound.

Funds for the purchase of imported butter were being made available by the Canadian Commercial Corporation but they could not be used to purchase domestic butter. The only source of funds appeared to be the Agricultural Prices Support account and it was recommended that the government authorize the Agricultural Prices Support Board to prescribe a price of 63 cents per pound for the purchase of not more than 10 million pounds of Canadian butter.

An explanatory memorandum was circulated.

(Memorandum, Secretary to the Cabinet, Aug. 29, 1951 — Cab. Doc. 223-51)†

2. *The Cabinet*, after discussion, noted with approval the report concerning imports and domestic purchases of butter and agreed that:

(a) the Agricultural Products Board be authorized to make arrangements with the butter trade to put European butter into consumption shortly after it landed, to take in return equal quantities of Canadian butter in store and, for this purpose, to pay to the trade up to 2 cents per pound as required; and,

(b) the Agricultural Prices Support Board be authorized to purchase first grade creamery butter produced in Canada at 63 cents per pound basis delivery Halifax, Saint John, Montreal and Toronto and 62 cents per pound basis delivery Vancouver; purchases at such prices to be not in excess of 10 million pounds; an Order in Council to be passed accordingly.

(Order in Council P.C. 4557, August 29, 1951.)

. . .

612. PCO/Vol. 195

Note du greffier du Conseil privé et secrétaire du Cabinet pour le premier ministre

Memorandum from Clerk of Privy Council and Secretary to Cabinet to Prime Minister

Ottawa, September 4, 1951

NEW ZEALAND PROTEST CONCERNING BUTTER

Attached is a despatch which has just been received from the High Commissioner for New Zealand conveying an expression of dissatisfaction from the Government of New Zealand about the recent handling of butter purchases by this country.

The sequence of negotiations is set forth from the New Zealand point of view. While a number of grounds for dissatisfaction are advanced, the core of it is that New Zealand had refrained from making sales to the private butter trade, although approached with offers, because of the understanding that the Canadian government wished to have sales made only after prior agreement by the government. Accordingly they suffered injury when private traders placed orders in other countries which are to be left without interference and subsequently when the Agricultural Products Board purchased the bulk of its butter from countries other than New Zealand. They claim that New Zealand was not given a first preference in the Canadian market as they had understood they would be given and that the action of the Agricultural Products Board is contrary to both the spirit and the letter of the General Agreement on Tariffs and Trade. (From a quick look at Article 17 (which is on non-discrimination) I do not think this last point is to be taken seriously.)

While we have never had a clear report on exactly what took place in the negotiations, it would appear probable that New Zealand has some ground to feel aggrieved if, in fact, sales were not made to private traders out of deference for their understanding of the Canadian government position with regard to prior approval of imports.

So far as the Agricultural Products Board's purchases are concerned, it is difficult to see that they can claim New Zealand was not given first preference. My understanding is that they were, in fact, given first preference but that they were not prepared to meet prices that could be secured from other sources. On the question

of price, there is one small mystery in that the Department of Agriculture report to the Cabinet on August 15 was that the New Zealand landed price in Montreal would be over 63¢ per pound while the despatch states that New Zealand stood ready to provide butter at 58¢ c.i.f. Montreal, which would be 63¢ with the addition of duty.

It is indicated that the Chairman of the New Zealand Dairy Products Marketing Commission will be visiting Ottawa on September 8 and hoping to discuss butter with representatives of the Canadian government. Perhaps the sense of grievance could be met if some options were taken on a certain amount of New Zealand butter or if specific purchases could be made for future delivery. The original Cabinet intention was that we should be in a position to have 20 million pounds of imported butter during the coming season. At the present date, 10 million pounds have been bought by the Agricultural Products Board and 4 1/2 million pounds by the trade. We would almost certainly not be in a surplus position if another 5 1/2 million pounds were bought from New Zealand for future delivery. That would be less than a week's supply.

I am having this matter placed on the agenda for discussion by the Cabinet, tomorrow. The Department of External Affairs is having copies of the despatch circulated to all Ministers directly concerned. I believe the Department of Agriculture is preparing a memorandum† on the question and I shall try to see that it is available for tomorrow.

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Le haut-commissaire de la Nouvelle-Zélande
au secrétaire d'État aux Affaires extérieures

High Commissioner of New Zealand
to Secretary of State for External Affairs

Ottawa, September 1, 1951

Sir,

I desire, pursuant to the instructions of my Government, to draw the attention of the Government of Canada to the contracts recently made by the Canadian Agricultural Products Board for the importation of butter into Canada for the current season. I am instructed to say that in view of the agreement upon this subject made between our respective Governments in 1932 and renewed in an exchange of letters in 1938, followed by a personal conference of our respective Prime Ministers in 1951 which declared the said agreement as still operative, and in view of the recent negotiations and discussions between the Chairman of the New Zealand Dairy Products Marketing Commission, Mr. W.W. Marshall, and the representatives of the Government of Canada, and, mindful of the warm feelings of friendship that exist between the people of your country and mine, manifested alike in peace and in war, my Government, with great regret, feels impelled to make known to your

government its feelings of grave disquiet and dissatisfaction concerning the negotiations and subsequent allocation of contracts above referred to for the import of butter into Canada. It is desired that the following representations be regarded as preliminary, pending the arrival here on 8 September of Mr. Marshall, Chairman of the New Zealand Dairy Products Marketing Commission, to whom it is desired there be given the opportunity of discussing upon his arrival this and relevant matters with the representatives of the Canadian Government.

I proceed, under my instructions, to give the following précis of the matters leading up to the negotiations and of the negotiations themselves in respect of the conduct and results of which this letter is presented to you.

(1) During the visit of the Rt. Hon. S.G. Holland to Canada in January last, the butter situation was discussed by him with the Rt. Hon. L.S. St. Laurent and the Rt. Hon. C.D. Howe. It is our understanding that Mr. St. Laurent assured Mr. Holland that the terms of the 1938 exchange of letters still held good and Mr. Holland gave appropriate assurances on New Zealand's behalf. It is my understanding also that Mr. Howe assured Mr. Holland that if Canada required butter, New Zealand would get first preference for any orders placed.

(2) During May last, Mr. Marshall interviewed officials and traders in Canada and ascertained that, on estimates made at that time, Canada would need about 20 million pounds of imported butter. This estimate was confirmed to the Hon. C.M. Bowden, New Zealand Minister of Customs, when the latter visited Canada.

(3) The New Zealand Dairy Products Marketing Commission, during the ensuing discussions in the United Kingdom for the purchase of New Zealand dairy products by the United Kingdom, took steps to reserve additional quantities of butter for sale outside the United Kingdom contract so as to be able to meet Canada's requirements.

(4) Pressing offers to purchase New Zealand butter were received from Canadian importers both during and subsequent to the negotiations in the United Kingdom but these were declined in order to fit in with Canadian Government policy.

(5) On 12 and 13 July, Mr. Marshall had discussions with the Rt. Hon. C.D. Howe, then Acting Prime Minister, and also with officials of the Department of Agriculture and the Department of Trade and Commerce. Mr. Marshall offered either:

(a) to sell to the trade at quantities and prices satisfactory to the Canadian Government and the trade: or

(b) to sell to the Canadian Government subject to agreement on prices and delivery dates.

Mr. Marshall told the Rt. Hon. Mr. Howe that he was prepared then and there to sell 20 million pounds of butter and was given to understand that an immediate purchase of this quantity could be effected at the time. However, to ensure that the Canadian Government would have every reasonable opportunity to consider the matter, Mr. Marshall did not press for an immediate decision.

(6) On 13 July, as a result of further discussions, Mr. Marshall made a firm offer to Mr. L.W. Pearsall of the Department of Agriculture of 6 million pounds forth-

with, with a limited option over a further 4 million pounds. The Canadian officials undertook to make every endeavour to reply to this offer by 20 July. Mr. Marshall agreed on his part to continue holding off dealings with private dealers meantime.

(7) A decision was again deferred and this offer was left open until 31 July.

(8) On 1 August Mr. Pearsall advised that the Canadian Government was prepared to make an immediate purchase of a quantity of 10 million pounds and a request was also made for an option on a further quantity of up to 10 million pounds to 1 January 1952. At the same time, negotiations on price were commenced.

(9) On 2 August Mr. Pearsall was informed that the New Zealand Dairy Products Marketing Commission was prepared to make an immediate sale of 10 million pounds and would give an option on a further 6 million pounds to 1 October 1951. He was advised that the Commission adhered to the original price tentatively mentioned during Mr. Marshall's talks in Ottawa in July, that is, 58 cents C.I.F. Montreal.

(10) On the same day the New Zealand Dairy Products Marketing Commission was informed in reply that the Canadian Government would consider a price of 58 cents C.I.F. Montreal but for any deliveries at Halifax or Vancouver they would suggest a price of 56 3/4 cents C.I.F., the difference being the estimated additional haulage charges.

(11) On 3 August the Canadian authorities were advised that the Commission would agree to a price of 58 cents C.I.F. for deliveries at Montreal or Vancouver and 57 cents C.I.F. for deliveries at Halifax.

(12) On 3 August the Rt. Hon. J.G. Gardiner made an announcement which included the following points:

The decision to create an Agricultural Products Board with authority to purchase 10 million pounds of butter and to take options on a further 10 million pounds. The Board was also given power to buy quantities of Canadian butter at a figure approximating the local market price.

(b) The decision to control private imports except that permits would be issued in respect of contracts entered into before 1 August.

(13) On 8 August a decision had still not been reached and the Agricultural Products Board asked for a further extension of time (up to 18 August) to allow time for negotiations with other countries. The Board also suggested that if the Commission insisted on an immediate decision it might be necessary to make a limited offer only.

(14) On 9 August the Agricultural Products Board was informed that the Commission's offer to sell 10 million pounds and give an option on a further 6 million pounds was withdrawn on the grounds that the action of the Canadian Government in calling on foreign bids and considering a reduction in the quantity agreed to by New Zealand was a breach of faith, particularly when it was considered that New Zealand had refrained over a considerable period from selling to the trade. The Board was informed that the Commission could not consider the matter further unless there was a firm offer to buy.

(15) On 16 August the Agricultural Products Board made a firm offer to purchase 3 million pounds at a price of 57 cents C.I.F. Montreal, this offer to be conditional on an option to purchase a further 2 million pounds for delivery before 1 March 1952 at 58 cents C.I.F. Montreal or Vancouver and 56 3/4 cents Halifax.

(16) On 17 August the Commission declined this offer.

(17) On 22 August the Agricultural Products Board made a firm offer to purchase 3 million pounds at 58 cents C.I.F. Montreal. This offer was accepted.

I am instructed to state my Government's dissatisfaction with the negotiations on the following grounds:

(1) The decision of the Canadian Government to control private imports and to set up a monopoly buying organisation had the effect of taking away from New Zealand the selling advantages which existed under conditions of free trade. The Canada-New Zealand Trade Agreement, which gave New Zealand certain duty advantages, presupposed a condition of free trade and, therefore, New Zealand would expect not to be placed in a comparatively disadvantageous position through the Government's assumption of monopoly purchasing power. Canadian importers were given up to August 15 to obtain permits to import foreign butter bought prior to August 1. It is understood that the quantity so purchased amounts to about 4 1/2 million pounds, of which 3 million pounds will come from Sweden. It is a fact that the trade prefers New Zealand butter and this was evidenced by the efforts to purchase New Zealand butter from the Commission. We are confident that the trade would have bought from New Zealand had the Commission been prepared to sell. The Commission, however, acting in good faith and relying on the negotiations which had been conducted with the Canadian Government, refused the opportunity to take advantage of the situation.

(2) It has been reported that the Canadian Agricultural Products Board has bought 3 million pounds of butter from Denmark, 3 million pounds from Sweden and approximately 1 million pounds from the Netherlands. My Government feels that this position, viewed in the light of the negotiations mentioned above, contrasts strongly with the assurances given earlier in the year that New Zealand would get first preference in Canada.

(3) On the subject of price, it is understood that the Rt. Hon. the Minister of Agriculture has been reported criticising imports of New Zealand butter in the past on the grounds that the New Zealand butter, if imported at lower prices than Canadian, could injure Canadian dairy interests. My Government is satisfied that it has complied with the terms of the 1932 Trade Agreement and the understandings reached thereunder to which I have referred above. In particular, on the current transaction, New Zealand has sought to avoid any possibility of criticism and has offered butter this year at a price which would accord with the established Canadian market price and which, we have every reason to believe, would have been acceptable to the trade under free market conditions.

(4) My Government is concerned with its position under the New Zealand-Canada Trade Agreement of 1932. The Rt. Hon. the Minister of Agriculture has indicated that Canadian butter will be bought at prices in line with market values which are above the support level. The experience of the negotiations suggests that the

Agricultural Products Board is not prepared to offer Canadian market prices on imported butter which is apparently to be balanced against the local purchases. My Government feel that this policy is equivalent to an increase of duty on all imported butter.

(5) Sales to Canada under these conditions are limited to quantities the Government will buy at prices they are willing to pay. New Zealand loses its traditional advantage which could be described as a traders' and consumers' preference.

(6) Finally, my Government feels that the action taken by the Agricultural Products Board is contrary to both the spirit and the letter of the General Agreement on Tariffs and Trade. I am asked to refer you particularly to Article XVII of the Agreement.

I should be pleased if you would bring this letter to the attention of your colleagues.

I have, etc.,
T.C.A. HISLOP

613.

DEA/5909-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire de la Nouvelle-Zélande

Secretary of State for External Affairs to High Commissioner of New Zealand

LETTER NO. E-19

Ottawa, October 18, 1951

Sir,

I have the honour to refer to your notes of the 1st and 5th† of September concerning the negotiations on the sale of New Zealand butter to Canada, and the visit to Ottawa of Mr. W.W. Marshall, Chairman of the New Zealand Dairy Products Marketing Commission. In my reply of September 5 to your note of the same date, I informed you that either the Minister of Agriculture or the Minister of Trade and Commerce would welcome the opportunity of discussing Canadian butter policy with Mr. Marshall. As you are aware, Mr. Marshall had an interview with the Minister of Trade and Commerce in the absence of the Minister of Agriculture. He also had discussions with the various officials of the Departments of Agriculture and Trade and Commerce. During these meetings, negotiations leading to the purchase of butter from certain European countries and New Zealand were reviewed and misunderstandings, which had arisen as a result of Canadian decisions with respect to procurement were discussed freely.

It was pointed out to Mr. Marshall that, having regard to Article XVII of the General Agreement on Tariffs and Trade, the Government of Canada on becoming the sole importer of butter, was obliged to obtain bids from countries participating in the General Agreement which had butter for export. Out of consideration for these international obligations, and after careful scrutiny of the bids received from the countries concerned, the Government proceeded through the medium of the

Agricultural Products Board to make purchases of butter. The prices paid for European butter were 48, 48 1/2 and 49 cents per lb. c.i.f. Montreal, according to source of supply and type of container. These figures reflect duty paid prices of 60, 60 1/2 and 61 cents per lb. The price for New Zealand butter was 58 cents per lb. c.i.f. Montreal, which represents a duty paid value of 63 cents per lb. Furthermore, the quantity purchased from New Zealand was as great as that purchased by the Government from any other source of supply.

I can assure you that the preferential duty now existing under the terms of the 1932 Agreement between Canada and New Zealand was fully observed, and in any future dealings with New Zealand the same consideration will be given to whatever duty preferences are then in existence.

The Minister of Trade and Commerce has asked me to convey his appreciation of Mr. Marshall's visit and the spirit in which the discussions were carried on.

I have, etc.,

A.D.P. HEENEY
for Secretary of State
for External Affairs

SECTION C

ROYAUME-UNI
UNITED KINGDOM

SUBDIVISION I/SUB-SECTION I

COMITÉ PERMANENT
CONTINUING COMMITTEE

614. PCO

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], April 27, 1951

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. Graham Towers, Governor of the Bank of Canada,
Mr. W.F. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board.
Mr. R.G. Robertson, Privy Council Office, (Secretary).

Also present:
The Deputy Minister of Citizenship and Immigration, (Col. Fortier),
Mr. J.J. Deutsch, Department of Finance,
Mr. A.F.W. Plumptre, Department of External Affairs,
Mr. G.B. Urquhart, Department of National Revenue,
Mr. C.M. Isbister, Department of Trade and Commerce.

. . .

IV. U.K.-CANADA CONTINUING COMMITTEE ON TRADE AND ECONOMIC AFFAIRS; MEETING MAY 21-25

12. *Mr. Plumptre* submitted a list of items proposed by the United Kingdom for inclusion on the agenda of the next meeting of the U.K.-Canada Continuing Committee. They were:

(1) Changes in the international economic situation since the last meeting and their bearing on the United Kingdom and Canadian economies.

(2) Balance of payments and questions associated with it.

(3) Canadian exports to the United Kingdom and Colonies.

(4) United Kingdom exports to Canada.

The U.K. representatives at the meeting would be: Sir John Woods, Sir Frank Lee, Mr. R.W.B. Clarke, Sir Leslie Rowan, Mr. Philip Brown, Mr. Philip Harris,

Mr. D.J.C. Crawley, and, from Earnscliffe, Sir Alexander Clutterbuck and Mr. G.P. Hampshire.

13. *The Deputy Minister of Trade and Commerce* said the items it seemed particularly desirable to discuss from the Canadian point of view were:

(1) Balance of Payments General Review

(2) U.K. Programme for Canadian Exports including Agricultural Products

(3) Estimate of Canadian Imports from the U.K.

(4) Estimate of Canadian Imports of Primary Materials and Foodstuffs from Colonial Sources, including Reference to the Competitive Effect of British Contract Purchasing

(5) B.W.I. Liberalization Plan — General Principles

(6) U.K. Token Import Scheme

(7) Immigrants' Capital

(8) U.K. Post-Torquay Policy Towards Trade with Europe and the U.S.

(9) U.K. Purchase Tax

14. *The Chairman* suggested that it might be desirable to accept the U.K. proposals for the agenda and to say that under Item 3 the Canadian delegation would wish to discuss numbers 5, 6 and 9 on Mr. Bull's list. The item on immigrants' capital should not be referred to specifically since it was going to be brought up by the High Commissioner in London with the suggestion that it could be added to the agenda if the United Kingdom so wished.

It would be desirable to try to do some preparatory work for the meeting of the France-Canada committee a little later on.[56] It had, perhaps, been a bit neglected and it would be useful to see if a fairly serious job could be done.

15. *The Committee*, after discussion, agreed:

(a) that the U.K. High Commissioner's office be informed that the Canadian representatives accepted the U.K. suggestions for the agenda of the next meeting of the U.K.-Canada Continuing Committee and that under the third item thereof it would be desired to discuss the B.W.I. liberalization plan, the U.K. token import scheme and the U.K. purchase tax; and,

(b) that arrangements be made for the meeting of the France-Canada committee at a date after the meeting of the U.K.-Canada Committee.

[56] Voir le document 891/See Document 891.

615. DEA/10364-40

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

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

TELEGRAM 884 Ottawa, May 26, 1951

CONFIDENTIAL

CANADA - U.K. COMMITTEE ON TRADE AND ECONOMIC AFFAIRS

A successful meeting of this Committee concluded yesterday. You will have received the statement issued to the press last night.[57] Copies of the minutes† and other papers† will be sent to you shortly. The main items of interest are as follows:

1. *Trade and Balance of Payments.* Our separate estimates of balances of payments for 1951-52 were very close, except that United Kingdom forecast imports from Canada at 780 million dollars which was more than 100 million dollars in excess of our figure. The United Kingdom side were more optimistic than our own about the amount of purchases they would be able to make here, particularly in the fields of forest products and metals.

2. *U.K. Imports of Foodstuffs.* U.K. figures for 1951-52 indicate 77 million pounds repeat pounds for wheat, 13 millions for flour, 2.9 millions for cheese, 2.5 millions for bacon and ham, 1.6 millions for canned salmon, 1.4 millions for apples, and 4.9 millions for tobacco. We enquired whether they would take eggs, lard, poultry meat, dried beans, flax fibre, linseed and honey. Lee said he was allergic to eggs, but would look into our proposals.

3. *U.K. Imports of Forest Products.* U.K. figures indicate 29.6 million pounds for softwood, 10.1 millions for other timber, 12.0 millions for paper pulp, 6.0 millions for rayon pulp, and 4.3 millions for newsprint.

4. *U.K. Imports of Metals.* U.K. figures indicate 1.5 million pounds for iron ore, 13.8 millions for copper including semis; 11.7 millions for zinc metal; 3.0 millions for zinc ores and concentrates; 27.8 millions for aluminum; 11.7 millions for nickel (including re-exports); 5.6 millions for lead; and 10.6 millions for other metals.

5. *Service of Canada-United Kingdom Loan.* U.K. figures provide for payments of interest and principal. There was no discussion in the Committee or outside.

6. *U.K. Immigrants Capital Remittances.* We mentioned that you had left a memorandum with Mr. Gordon Walker.[58] There was no discussion except that Deutsch suggested that U.K. authorities might allow U.K. immigrants to make use of new Canadian Customs provisions, allowing immigrants to bring out settlers' effects

[57] Voir Canada, ministère des Affaires extérieures, *Communiqués*, 1951, N°. 23.
See Canada, Department of External Affairs, *Communiqués*, 1951, No. 23.
[58] Voir le document 628./See Document 628.

(including tools, etc) during three year period after arrival in Canada. The U.K. side undertook to look into this matter.

7. *U.K. Open General Licenses.* We urged the United Kingdom to eliminate all unnecessary import restrictions and to add specified essential supplies to their very small list of open general licenses for dollar imports. U.K. side emphasized their difficulties including the insecure position of their dollar reserves in the light of possible future changes in terms of trade and the cessation of ECA aid and Canadian loan. They also pointed out that import licenses, even if freely granted, provided a means of supervising domestic distribution of scarce materials which would not be possible under open general licenses. However, they undertook to give sympathetic attention to our recommendations.

8. *U.K. Imports of Utility Items especially Rubber Footwear.* U.K. side admitted that by imposing purchase tax on imports they were in default of their obligations under GATT and regretted delay in remedying this situation. Woods indicated privately that officials had proposed a remedy, but it had not yet been acceptable to Ministers.

9. *Canadian Exports to the British West Indies.*[59] We proposed: (a) Addition of about one hundred items to the list of programmed exports; (b) The use of open general licenses for a number of commodities; (c) Some slight expansion in the amounts of the list already programmed. The U.K. emphasized the difficulties of open general licences because of implications for other colonial areas. However, they said they hoped to take steps leading to an increase in Canadian exports which Woods could not quite bring himself to call "substantial". No decisions could be made, however, until the United Kingdom had received the delegation expected in London from the British West Indies next month. Further discussions would be necessary with the U.S. authorities and ourselves.

10. *U.K. Exports to Canada.* It was agreed that efforts should be made to maintain the enlarged flow, and U.K. estimates of the exports they hoped to make available to us were encouraging, particularly in the field of engineering goods. They emphasized that this would depend on supplies of materials from Canada and elsewhere. There was no detailed discussion.

[59] Voir le document 646./See Document 646.

SUBDIVISION II/SUB-SECTION II

BLÉ
WHEAT

616. PCO/Vol. 161

Aide mémoire

Aide Mémoire

SECRET [Ottawa], January 9, 1951

CANADA-UNITED KINGDOM WHEAT AGREEMENT

SETTLEMENT UNDER "HAVE REGARD TO" CLAUSE

1. The Canadian Wheat Board is now closing its accounts with respect to wheat delivered by producers to the Board during the five-year pool period which ended on July 31, 1950; the final four years of which coincided with the term of the Canada-United Kingdom Wheat Agreement.[60] Before determining the amount of participation payments to be paid to producers, it is felt that the United Kingdom authorities should be advised of certain attitudes in Canada respecting the "have regard to" clause.

2. While prices were established for deliveries during the two final years of the Agreement, there are very many wheat producers and others in Canada who feel that it would be in accordance with the provisions and the intent of the Agreement for the United Kingdom Government to make an additional payment in respect of either or both of these two years.

3. Clause 2(b) of the Agreement reads as follows:

"The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom Government and the Canadian Government not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom Government *will have regard to* any difference between the prices paid under this Agreement in the 1946-47 and 1947-48 crop years."

4. When prices for 1948-49 and 1949-50 were being negotiated, the United Kingdom was faced with a serious shortage of dollar exchange and the Canadian Government was reluctant to add to these difficulties by pressing for a level of prices which would carry out the intent of Clause 2(b) of the Agreement. Moreover, there was some uncertainty as to what level of prices would be appropriate; in the event the prices set were below those which it was possible in those years for the Wheat Board to secure from other customers. The announcement made by the Canadian

[60] Voir/See Volume 16, Documents 713-723.

Government on January 19, 1949, after consultation with the Government of the United Kingdom, indicates the tentative nature of the price fixed for 1949-50:

"Representatives of the United Kingdom and Canadian Governments have had discussions on the price to be paid by the United Kingdom for Canadian wheat in 1949-50, the fourth and final year under the United Kingdom-Canadian Wheat Agreement of 1946.

"After taking into account all relevant considerations, including but without attempting to reach a final settlement of the United Kingdom obligations under Clause 2(b) of the Agreement, the two Governments have agreed upon a price of $2.00 per bushel.

"The two Governments have also agreed that their representatives shall meet not later than July 31st, 1950, to settle any obligations of the United Kingdom which may then still be outstanding under Clause 2(b) of the Agreement. The extent to which any such obligations will remain will depend largely upon the actual prices ruling for wheat during 1949-50."

5. In May of 1950 the Minister of Trade and Commerce (Mr. Howe) discussed with members of the Government of the United Kingdom what further settlement of the "have regard to" clause would be appropriate, and at that time the United Kingdom representatives felt that it would be reasonable that all obligations under the "have regard to" clause might be considered to have been taken care of. Mr. Howe said that this was a matter which could only be settled by the Canadian Cabinet on his return. Mr. Howe subsequently advised the Chancellor of the Exchequer (Sir Stafford Cripps) that the Canadian Cabinet was in accord with the conclusions in the agreed record of the meeting, and it is understandable that the United Kingdom authorities should consider that the matter was disposed of, although these conclusions do not in fact go beyond saying that the question respecting the "have regard to" clause would have to be settled by the Canadian Cabinet.

6. The Canadian Government does not however claim that there is any further obligation in a strictly legal sense and is making no representations on that basis. The Government feels, however, that the United Kingdom authorities should realize fully that the wheat growers of Canada and most of the community of the prairie provinces believe there is some continuing obligation under the "have regard to" clause which has not been discharged. The statements made by several United Kingdom Ministers in Canada were calculated to create the impression among the wheat growers that they would receive adequate returns under the United Kingdom Agreement. It should not be overlooked that the wheat producers of Canada have given support over a long period of years to policies specifically designed to ensure that the people of the United Kingdom would be able to obtain vitally needed supplies of wheat at reasonable prices. From September 1943 on, wheat was provided on the basis of $1.25 per bushel under Mutual Aid. When Mutual Aid came to an end the Canadian Government unilaterally and of its own volition gave priority to shipments to the United Kingdom and placed a ceiling on export prices of $1.55 per bushel. The Canada-United Kingdom Agreement assured that a steady flow of supplies and stable prices would continue.

7. If a further payment of a reasonable amount were made under the "have regard to" clause, the position would still be that the purchase of wheat under the Agreement had been a favourable arrangement for the United Kingdom Treasury. Since all of any such payment would be paid to wheat producers, it would, in the opinion of the Canadian Government, indicate to these producers that their confidence in the United Kingdom market and in the United Kingdom Agreement has not been misplaced.

8. The Canadian Government would be prepared to discuss an arrangement whereby all or most of such a payment would come out of the unused portion of the 1946 loan so as to avoid any strain on the immediate dollar position of the United Kingdom.[61] From the United Kingdom standpoint we feel there would be great importance in retaining the good will and support, for policies of cooperation in the future, of something like a quarter of the Canadian population which is traditionally well disposed to the United Kingdom. This same section of the Canadian community, if left with a deep and abiding sense of grievance, might in future be some political obstacle to the kind of cooperation between Canada and the United Kingdom that successive Canadian Governments have been able to secure overwhelming support for in times of stress in the past. It is the view of the Canadian Government that a payment under the "have regard to" clause which Canadian wheat growers would consider fair to them would constitute a profitable investment by the United Kingdom in Canadian good will.

617. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 1, 1951

. . .

WHEAT; FURTHER SETTLEMENT BY THE UNITED KINGDOM

6. *The Prime Minister*, referring to discussion at the meeting of January 24th, 1951, reported that he had learned from the High Commissioner for the United Kingdom that the U.K. government did not feel that they could re-open the question of final settlement for wheat delivered under the 5-year contract. It would appear that the U.K. government appreciated that the decision would leave a feeling of some resentment in the wheat growing provinces of Canada. The High Commissioner had been informed that it might be necessary to say publicly that representations had been made to the Prime Minister of the United Kingdom and Ministers concerned about the feeling by the wheat growers that the U.K. government had not carried out the "have regard to" clause as it had been understood by the producers.

[61] Voir/See Volume 12, Documents 796-809.

7. *The Cabinet*, after discussion, noted the report of the Prime Minister concerning the decision by the U.K. government that it would not re-open consideration of the final settlement for wheat delivered under the 5-year contract and agreed that the matter of further payment for wheat sold under the 5-year pool be considered at a subsequent meeting at which the Minister of Agriculture was present.

. . .

618. PCO/Vol. 161

Note de l'adjoint spécial du premier ministre pour le premier ministre[62]

Memorandum from Special Assistant to Prime Minister to Prime Minister[62]

SECRET [Ottawa], February 5, 1951

RE SETTLEMENT OF WHEAT POOL

It seems to me the most important aspect of this question is political, i.e. what will be the effect on the Liberal party

(a) of making a governmental contribution to the pool;

(b) of standing pat.

Obviously there is no point in making any contribution to the pool unless it is sufficiently substantial to be regarded by the wheat growers as reasonably fair and just; but I think the majority of them would regard as fair and just considerably less than any figure yet mentioned in any calculations, provided sufficient emphasis was placed on the fact that it was a contribution from the rest of the taxpayers and that it was NOT based on any precise calculations, but merely on the feeling that the whole burden of helping the British and keeping down costs to consumers was not being left on the wheat growers.

No doubt a substantial contribution would be somewhat resented in other parts of Canada, particularly east of the Ottawa River. (In this connection Bob McCubbin tells me the Ontario farmers are so prosperous and well disposed he would look for little if any unfavourable reaction there.)

In the long run, political resentment at what is regarded as a favour to some other group rarely counts; it is soon forgotten when the policy is borne by the whole community and does no special injustice to another specific and limited group.

On the other hand, the wheat growers have been led to expect by certain members of our government, by some statements of British Ministers, by the delay itself, and, above all, by the fact that the Wheat Board, in every year of the contract,

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[62] La note manuscrite suivante était jointe à ce document :/The following hand-written note was attached to this document:
Mr. Robertson I have given this to the P.M. I don't think you will like the last para[graph] but there is an argument for it. J.W.P[ickersgill]. 5-2-51

sold some of their wheat at considerably higher prices than the British paid, to feel they are entitled to something more.

If the government should attempt to stand pat I would gravely fear that there would be a widespread feeling of injustice not very dissimilar to that which still exists in Western Canada towards the Bennett regime.

I believe it is not merely possible but probable that the majority of the Western farmers would be lost to the Liberal party (to which most of them have finally come back after the 1921 rebellion) for at least a generation. I would doubt if they would go into any of the existing parties and the effect, in these times, of a specifically agrarian group on the unity of the country is not pleasant to contemplate.

I feel it would be better both for the Liberal party and for the country to make a substantial contribution to the pool.

I have been wondering if the British loan could not be terminated (it is never going to be revived anyway) and the undrawn balance applied to this purpose. That would provide a yardstick which seems to me preferable to any mathematical computation; it might also look like rough justice in other parts of the country.

J.W. P[ICKERSGILL]

619. DEA/8925-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], February 6, 1951

ADDITIONAL PAYMENTS TO THE WHEAT POOLS

You will be aware that western Liberal M.P.s are under pressure from their constituents to have the Government make additional payments to the pools because of the poor crop last year. The western caucus, I understand, was very violent on this subject a few days ago.

2. To meet this outcry, it has been suggested (by Jack Pickersgill, I gather) that Canada should now close out the residue which remains in the line of credit extended to the United Kingdom in 1945. This amounts to some $60 million at the moment and is not being drawn upon. The Government could then use this amount as a sweetener for members of the pools.

3. This seems to me to be a risky and unfortunate method of dealing with the problem. In the first place, Mr. Howe announced in the House of Commons last May that the United Kingdom had discharged its obligation under the "have regard to" clause of the wheat contract. There is, therefore, no moral basis for insisting that the United Kingdom take any further action to satisfy this clause. Secondly, to close out the residue of the credit arbitrarily would be unjustified and unreasonable, I think.

4. If this suggestion is brought up in Cabinet this afternoon, you might wish to head it off by proposing that the United Kingdom might be asked informally if they would be willing of their own volition to declare that they did not intend to draw on the credit further and were, therefore, closing it out. If the United Kingdom Government agreed to make a statement of that kind, the Government here might then say that they intended to use this windfall to increase the amount to be paid to participants in the pools. This procedure would have great advantages over what may be suggested by the Prime Minister, I think. It would avoid raising once again the contentious "have regard to" clause. It would avoid any arbitrary Canadian action in closing out the residue of the credit. It would give western farmers some further financial satisfaction without worsening economic relations between Canada and the United Kingdom.

D.V. LEPAN

620. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 13, 1951

. . .

WHEAT AGREEMENT WITH THE UNITED KINGDOM; FINAL SETTLEMENT

7. *The Minister of Agriculture*, referring to discussion at the meeting of February 1st, 1951, submitted a memorandum on the wheat agreement with the United Kingdom and discussions relating to the settlement under the "have regard to" clause. Copies of the memorandum had been circulated.

(Minister's memorandum, undated — Cab. Doc. 44-51)†

The feeling of wheat producers that the United Kingdom had failed to carry out the general understanding as to the meaning of the "have regard to" clause was already causing injury to that country in western Canada and would do so increasingly if no further settlement were made. It was at least as important that producers should feel that the United Kingdom had properly fulfilled the contract as it was that they should get the money involved. It might be desirable to make a further effort to see whether the United Kingdom would not be prepared to take some action if funds were provided either from the unused portion of the 1946 loan or by a special credit. So far as the Canadian government was concerned, it had taken the position, through statements by Ministers on several occasions, that there would be a settlement under the "have regard to" clause and it had assumed responsibility for the contract. If it became clear that nothing would be done by the United Kingdom, consideration would have to be given to what action the Canadian government should take.

8. *The Prime Minister* read the text of an aide mémoire which had been left with U.K. ministers during his visit to London. This had indicated that the Canadian government would be prepared to have any settlement by the U.K. government

come out of the unused portion of the 1946 loan. On January 30th, the High Commissioner for the United Kingdom had reported that his government was not willing to re-open the question. It seemed doubtful whether anything further could be done unless the Minister of Agriculture wished to attempt some new discussions.

(Aide Mémoire, Canada-United Kingdom Wheat Agreement, Jan. 9, 1951)

9. *The Secretary of State for External Affairs* felt that, in view of the U.K. reply, it did not seem possible to re-open the question of a direct payment. However, it might be possible to approach the British government on the question of foregoing the residue of the 1946 credit and turning it back to Canadian account. It might then be possible to use the funds for a final settlement.

10. *The Minister of Justice* said that, if the U.K. government were under the impression that failure to make any further settlement would not seriously affect western opinion, they were very much mistaken. The meaning of the "have regard to" clause had originally been uncertain but explicit assurances by ministers of both governments as to its intent made it impossible for growers to accept the proposition that there was not something further due under the agreement. The contract and the settlement had become a matter of controversy between economic groups and political parties and people in the west would not be allowed to forget it.

11. *The Cabinet*, after considerable discussion, agreed that the Minister of Agriculture make arrangements to proceed to the United Kingdom at the earliest possible date in an effort to have further discussions with members of the U.K. government concerning final settlement of the wheat agreement.

. . .

621.

PCO/Vol. 161

Note du sous-secrétaire d'État aux Affaires extérieures pour le greffier du Conseil privé et secrétaire du Cabinet

Memorandum from Under-Secretary of State for External Affairs to Clerk of Privy Council and Secretary to Cabinet

SECRET AND PERSONAL. URGENT. [Ottawa], February 15, 1951

The attached is a very hurried draft of a note on this morning's conversation with Clutterbuck.

I would be grateful if you would revise it and add to it a note of your subsequent conversation alone with Clutterbuck.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une note du sous-secrétaire d'État aux Affaires extérieures
Draft Memorandum by Under-Secretary of State for External Affairs

SECRET [Ottawa], February 15, 1951

UNITED KINGDOM-CANADA WHEAT AGREEMENT
("HAVE REGARD TO" CLAUSE 2 (B))

1. This morning Mr. Pearson, with Norman Robertson and I, saw Clutterbuck and Mr. Pearson explained to him the importance which the Government attached to early action to provide the means of an additional compensation to Western wheat farmers for their deliveries under the U.K. contract during the war and post-war years.

Mr. Pearson emphasized to the U.K. High Commissioner the strength and unanimity of Western opinion on this subject and pointed out that, whatever the rights and wrongs of this tangled subject, the United Kingdom were bound to be the subject of Canadian criticism, unless some early action were taken which would be acceptable to the agricultural community. The Government were anxiously considering what could be done and felt that a satisfactory solution was in the joint interest of the United Kingdom and Canada. This was particularly so because we were likely to have to call again upon the farmers for increased food production against a new emergency, the duration of which might be long.

2. Clutterbuck took the position that the obligation of the U.K. Government under the "have regard to" clause had been finally discharged and that was that. Mr. Howe had agreed to a settlement with the U.K. Chancellor last year and, presumably after consulting the Canadian Cabinet, the minutes of the London discussions had been agreed and Mr. Howe had made a categorical statement to this effect in the House. There could be no going back on this clear record; it was now up to the Canadian Government to "defend" the agreement. They could not, or should not, leave the United Kingdom to bear the brunt of any unjustified criticism when they, the Canadian Government, had clearly agreed that the matter had been discharged. It would be unfair and unreasonable to expect U.K. Ministers even to contemplate additional payments to farmers under the agreement, from U.K. financial resources.

3. Mr. Pearson intimated that Canadian authorities were not expecting the United Kingdom to finance directly any additional payments which might have to be made to the farmers. He re-emphasized, however, the joint U.K.-Canada interest in a solution which would satisfy the agricultural community that they had been fairly dealt with. Various possible lines of action relating to the balance of the U.K. Government's credit in Canada had been considered in Ottawa. Would the U.K. Government, for example, be willing to renounce further drawings upon the credit, the balance of which now stood at some $65 million. If they would, it might be possible for the Canadian Government unilaterally to make an additional payment to the wheat growers, which the latter would regard as a measure of compensation for the prices they accepted under the U.K. agreement. Something like this might be worked out. If it were to achieve its object it would have to be done at once.

4. Clutterbuck said that the U.K. Government did not, in any event, intend to draw upon the balance of the credit. It might, therefore, be possible for his Government to make such a renouncement as the Minister had suggested.

5. Mr. Pearson asked Clutterbuck to explore the possibilities of action along the lines suggested above, with Robertson. We are at the beginning of a new era of joint effort when a mutual assistance programme of very large dimensions would have to be worked out. If the slate could be cleared now of this old score upon which feelings ran high, it would be obviously to the advantage of both countries. From the Canadian point of view a solution was of the greatest urgency. Failure of solution would affect in some measure the unity and level of our NATO effort.

622. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 1, 1951

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WHEAT; "HAVE REGARD TO" CLAUSE; SETTLEMENT OF 5-YEAR POOL

5. *The Minister of Agriculture* reported on recent discussions in London concerning final settlement of the wheat agreement with the United Kingdom. The Chancellor of the Exchequer had referred to the position the U.K. government had taken in May 1950 that they were under no obligation to make further payments and said that they adhered to this position. The possibility had been discussed of having the undrawn balance of U.K. credit made available to cover at least part of a final payment. The Chancellor had indicated that he would announce that the United Kingdom were not going to draw down the remaining $65 million in the Canadian credit but they thought it would be presumptuous for them to suggest what the Canadian government should do with it. After further discussion, Mr. Gaitskell indicated that, although the United Kingdom could take no part in suggesting payment, they would consider joining with Canada in a statement that might be helpful in removing misunderstanding, if a satisfactory one could be worked out.

6. *Mr. Gardiner* said he had suggested this as a possible course but he doubted whether it would be helpful. He had written subsequently to the Prime Minister of the United Kingdom on February 22nd concerning the discussions and in a reply of the same date Mr. Attlee had made it clear that the decision had been carefully considered by the U.K. government.

Copies of the report were circulated.

(Minister's report, undated, with attached letter to the Prime Minister of the United Kingdom and reply February 22nd, 1951)†

In the discussions, the President of the Wheat Pools had presented figures to the effect that the United Kingdom should pay an additional 16¢ a bushel on 600,000,000 bushels, or approximately $100 million. This would amount to about 7¢ per bushel on the 1400 million bushels in the 5-year pool. This calculation was

based on the price U.S. farmers received for their wheat during the contract period. A payment of $100 million might constitute a proper settlement.

7. *The Minister of Justice* said it seemed clear from the experience with the wheat agreement that long term contracts were apt to be an undesirable means of handling agricultural products. If prices fell, the contract was likely to be regarded as satisfactory but if prices turned out to be higher than the contract price over the period there were very likely always to be claims that the government should compensate the producers. However, in the present instance, there was a special consideration in that the "have regard to" clause had been considered indefinite in its meaning and there had been specific statements concerning its effect. The producers' understanding of the explanatory statements by both U.K. and Canadian ministers had not been met. The primary moral obligation was that of the United Kingdom but if they failed to recognize it, it seemed clear that the Canadian government had a residual obligation.

8. *The Prime Minister* said that, whether there was an obligation or not, it was quite clear that a large part of the Canadian population was of the opinion that the Canadian government did have some obligation if the U.K. government did not meet the understandings that had been given concerning the clause. In the circumstances, an important consideration was that any settlement should seem fair to the persons who were concerned and who had placed their confidence in the government in handling the matter.

9. *The Cabinet*, after considerable discussion, agreed that an amount equal to the undrawn balance of the credit to the United Kingdom ($65 million) be added to the sums available for distribution in final settlement of the 5-year wheat pool; an announcement to that effect to be made by the Prime Minister in the House of Commons on March 2nd.[63]

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[63] Voir Canada, Chambre des Communes, *Débats*, 1951, volume I, p. 851.
See Canada, House of Commons, *Debates*, 1951, Volume I, p. 833.

SUBDIVISION III/SUB-SECTION III

EMPRUNT EN TEMPS DE GUERRE
WARTIME LOAN

623. DEA/1893-40

Note du premier secrétaire du haut-commissariat au Royaume-Uni pour le secrétaire d'État aux Affaires extérieures

Memorandum from First Secretary, High Commission in United Kingdom, to Secretary of State for External Affairs

CONFIDENTIAL [London], August 1, 1951

OBSTACLES TO UNITED KINGDOM INVESTMENT IN CANADA

So far as we are aware, there is no obstacle on the Canadian side to the investment of *new money* in Canada by the United Kingdom, apart, of course, from such restrictions as the Canadian authorities may apply to domestic investment generally in order to release resources for the defence programme. To the extent that the United Kingdom Treasury releases dollars for the purpose, they can normally be freely invested in Canada.

2. The only partial exception relates to dollars accruing from the sale (or redemption at maturity) of old Canadian securities. Those dollars have generally to be applied against the repayment of the 1942 interest-free loan.[64] Such dollars can be re-invested in Canada only as "direct" investments involving the establishment or expansion of United Kingdom controlled productive enterprises. They cannot be re-invested in ordinary market securities or in Canadian firms which are not United Kingdom owned.

3. Accordingly, while there would appear to be no obstacle to the investment of new money in Canada, there are certain limitations on the use of old money for investment in new lines.

4. The question which was raised with you concerning these limitations may now be somewhat academic since we understand that an announcement is probably to be made in Ottawa and London this afternoon indicating that this arrangement is to be continued through 1953 (subject to the passage of the necessary confirmatory legislation by the Canadian Parliament this autumn).

5. We are still somewhat in the dark concerning the negotiations between the United Kingdom and Canada in Ottawa on this subject, and therefore are not in too good a position to comment on the Canadian attitude or on the case which the United Kingdom Government may have made for some change in the arrangement (a case which has been given considerable prominence in the United Kingdom press and in various company statements during the past three weeks).

[64] Voir/See Volume 9, Documents 343-355.

6. Generally, we understand that the United Kingdom objections to the limitations which we have imposed on their freedom to switch from one security to another are based on such considerations as the following:

(a) Individual United Kingdom investors are being denied the opportunity of switching from a low-yield security to one which might bring them a higher return.

(b) From the national point of view, the United Kingdom is being prevented from shifting out of old lines of investment into:

(i) investment in the development of new Canadian resources in which the United Kingdom would like to have an interest, but could not finance the establishment of firms which were completely United Kingdom controlled (e.g. petroleum, iron ore, etc.);

(ii) investment in the more profitable lines which would help the United Kingdom's general balance of payments with Canada.

(c) The attitude of Canada is more restrictive in this respect than that of the United States, since the latter country allows free switching by United Kingdom residents from one security to another.

(d) The amount of United Kingdom securities which are, in effect, tied up as a negative pledge against the 1942 loan is very substantially greater than the unpaid balance of that loan.

7. We are not sure of the reasoning behind the Canadian preference for this arrangement to an alternative arrangement which might allow the United Kingdom to use these dollars more freely in Canada (in return for an undertaking by the United Kingdom to pay back the old loan in a fixed annual amount with a respectable rate of interest). We may conceivably be arguing on somewhat the following lines:

(a) A continuation of the present arrangement, which merely limits the use of money already invested in Canada, far from preventing new investment in Canada, may actually bring out more new money for those lines of investment in which the United Kingdom is really interested; the argument being that, if the United Kingdom could use these dollars for the purpose, they would not have the same incentive to consider releasing other dollars in their possession. Such an argument, if it ever was used in the past, would seem to have lost much of its force with the recent weakening of the sterling area's dollar position. It would appear increasingly unlikely that the United Kingdom will release substantial amounts for investment in Canada unless it can use funds accruing from Canada (although the expected "unfreezing" in October of the very substantial amount of United States securities which had been pledged against the RFC loan may provide additional resources which the United Kingdom might consider diverting to Canada).

(b) From the political point of view, progress in the repayment of the loan may appear more important than some of the general economic considerations mentioned above, and it may be considered that such repayment is likely to proceed more rapidly if it is related to the amount of United Kingdom securities liquidated annually in Canada than if it is made on the basis of a fixed annual amount —

which would presumably be smaller than the expected proceeds from United Kingdom sales of securities each year.

(c) It may be considered desirable, for the purpose of future intergovernmental bargaining on one subject or another, for the Canadian authorities to retain the present degree of control over the disposal of the proceeds of old United Kingdom investments. For instance, it was doubtless an advantage in the case of the Canadair/BOAC deal to be able to resort to such proceeds as a means of financing the transaction. Other similar issues may be contemplated in the future (possibly even in connection with the repayment of the 1946 loan, although the provisions of that agreement would appear to be rather unrelated to the size of the United Kingdom's holdings of Canadian securities).

8. Against these possible arguments, the restrictive present arrangement may be represented as having some disadvantages even from the Canadian point of view. For instance:

(a) If United Kingdom investors were to be allowed to acquire a limited interest in certain companies in Canada (even though those companies might be United States or Canadian controlled), the United Kingdom Government might be more willing to allow the sale of the products of those companies in the sterling area or to permit the release of scarce United Kingdom materials (steel, etc.) required by those companies.

(b) The introduction of some United Kingdom capital into such companies might be politically desirable, since it would dilute the disturbingly large United States element.

A.E. R[ITCHIE]

624. DEA/1893-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 22, 1951

UNITED KINGDOM INVESTMENT IN CANADA

You will remember giving me a memorandum prepared for you by Ed Ritchie on this subject in London and asking for my comments. I am now returning it. As one might expect of anything done by Ed, it seems to me admirable and does not require correction at any point.

2. However, I have now had a chance to discuss this subject (or, more exactly, the arrangements for repayment of the 1942 interest-free loan, which restrict United Kingdom investment in Canada) with Lou Rasminsky of the Bank of Canada. As a result, I can add perhaps a few things which may be of interest.

3. Lou said that the main motive of "the Canadian Government" in all the negotiations over the interest-free loan had been to see that the loan was repaid as quickly

as possible. By "the Canadian Government", I think he meant, in this context, Mr. Abbott and his officials and the Bank of Canada. He said that the general view was that Canada had treated the United Kingdom not ungenerously in all the war-time financial transactions and that there was, therefore, no reason for revising the terms of the loan, whereby the proceeds from the sale or redemption of Canadian securities held by United Kingdom residents are applied to reduce the amount outstanding. This attitude had been strengthened, in his opinion, by irritation in Ottawa against the rigidity which the United Kingdom had shown on a number of occasions in recent months in its financial dealings with Canada. He had in mind particularly the unwillingness of the Treasury to make some further payment in satisfaction of the "have-regard-to clause" of the Canada-United Kingdom Wheat Agreement.[65]

4. The United Kingdom Government, for its part, had been motivated in the recent negotiations by various considerations, most of which were listed by Ed Ritchie. Individual United Kingdom investors were handicapped by being unable to switch from one Canadian security to another; and possible improvement in the net investment position of the United Kingdom as a whole was hampered by inability to shift to more profitable lines of investment in Canada. Lou also added one further explanation of the United Kingdom desire to secure revision of the terms of the 1942 loan agreement. He said that the Bank of England seemed to consider it a reflection on the credit of sterling that the Canadian Government should require collateral for the 1942 loan. You will notice that here, as in other aspects of the United Kingdom's financial policy, considerations of prestige and of hard practical interest are inseparably intertwined.

5. The attached memorandum prepared by the Department of Finance gives a good account of the negotiations which have recently resulted in an agreement to extend the existing terms of the 1942 loan agreement for another three years. This memorandum has been sent to London; and, indeed, I think that it was prepared as a result of a request for information originating with Ed Ritchie. Briefly and roughly, the course of the negotiations was as follows. The United Kingdom Government suggested that the residue of the loan now outstanding (some $260 million) should be repaid in ten annual instalments. The Department of Finance replied that they could consider such a suggestion only if the United Kingdom agreed to pay interest on the loan or to make a very considerable lump sum payment now. Although no figure was mentioned, I gather that our people had in mind a sum of perhaps $100 million. An impasse was thus reached, and it was then agreed on both sides that the best thing would be to extend the present arrangements.

6. My own conclusions about this episode are:

(a) that our negotiators took a defensible and proper line, but

(b) that they gave little or no consideration to the political importance of increased United Kingdom investment in Canada as a counter-balance to vastly swollen United States investment.

[65] Voir les documents 616-622./See Documents 616-622.

Even if this factor had been given its due weight, however, I doubt whether our negotiators would have come to any different position, on balance.

7. Nevertheless, I am somewhat worried by the risk that in future negotiations, where the possibility of United Kingdom investment may be involved, our representatives may not attach sufficient importance to the value from Canada's point of view of increased investment here by the United Kingdom. I would, therefore, like to make two tentative suggestions:

(a) that you ask the Economic Division to examine what Canada might do to stimulate United Kingdom investment;

(b) that you discuss this question informally with Graham Towers and with Norman Robertson or instruct me to do so when I have the opportunity.[66]

I have heard Mr. Towers say that he is quite worried over the long-term political effects of the very heavy United States investment that is now taking place. On the other hand, of course, he cannot help but be gratified that this large capital movement is meeting, and more than meeting, the substantial deficit that we are now running on current account. Were it not for this capital inflow, we would now be faced, of course, by a very severe exchange problem.

8. You will be interested to know that the United Kingdom, on its side, has been doing something to relax the exchange control regulations which now restrict the possibility of new investment in Canada. Residents of the United Kingdom may now use capital acquired by inheritance in Canada for new Canadian investment. Until very recently, this was not possible and residents of the United Kingdom were obliged to surrender Canadian dollars so acquired to the Bank of England.

D.V. LEPAN

[PIÈCE JOINTE/ENCLOSURE]

Note du ministère des Finances

Memorandum by Department of Finance

[Ottawa], August 13, 1951

1942 INTEREST FREE LOAN TO UNITED KINGDOM — CONSIDERATIONS AFFECTING CANADIAN POLICY

This loan of $700 million originated in the transfer back to the British Government of the sterling accumulated by the F.E.C.B. in financing the sterling area deficiency of Canadian dollars in 1941-42. The arrangements provided that the loan would be free of interest, would mature at the end of the war, but would be reduced during the war by the application of funds arising from any redemption or repayment of Canadian securities owned in Britain, as well as by the proceeds of any sales of U.K. owned Canadian securities to persons outside the United Kingdom.

[66] M. Pearson a coché ces deux propositions pour montrer son accord.
Pearson indicated his approval of these two suggestions with check-marks.

Article 6 of the 1946 financial agreement between Canada and the United Kingdom extended until January 1st, 1951 the interest-free provision and the arrangements in effect with respect to security transactions, with discussions to be held before that date "with regard to the question of interest on, and the terms of repayment of, any balance of the loan then outstanding."[67]

The effect of the arrangements regarding application of the proceeds of security sales and redemptions against the 1942 loan is, of course, that residents of the United Kingdom cannot "switch" securities in Canada or maintain their investment here if the Canadian security they are holding is redeemed. However, on December 19th, 1946, the Canadian Government agreed:

(a) to allow United Kingdom residents to accept new Canadian securities in a reorganization proceeding;

(b) to allow Canadian dollar securities held by United Kingdom residents to be transferred to heirs on the occasion of the settlement of estates, and

(c) to allow new direct "bricks-and-mortar" investment in Canada to be offset against sales of securities for the purpose of calculating the amount which could be applied from time to time in retirement of the loan. It was intended that this direct investment would be limited to the establishment of a new industrial plant in Canada or the extension of an existing industrial plant.

Subsequently provision was made for the financing of the B.O.A.C. contract with Canadair out of the proceeds of security sales and redemptions.

For some years the British have not been happy about the ban on switching. Last December, as a result of the approaching date of termination of the extended loan arrangement, Sir Alexander Clutterbuck presented proposals of the United Kingdom Government for dealing with the unpaid balance of the loan, which by the end of December, 1950 amounted to approximately $260 million. He stated that the Bank of England felt that the present restrictions on switching

"(1) create a predisposition in the minds of United Kingdom holders towards the sale of large blocks of Canadian securities, including securities of the C.P.R.

(2) interfere with prudent investment arrangements in Canada since United Kingdom holders of existing securities are debarred from transferring their investments in a manner which would enable them to take part in new developments in Canada. It is felt that this situation is generally prejudicial to the encouragement of British investment in Canada.

(3) give rise to much irritation in the City and to constant complaints to the United Kingdom authorities regarding alleged discrimination against holders of Canadian securities who are not allowed the privilege of "switching" as against holders of United States securities who are permitted this privilege.

(4) entail a heavy administrative burden on the Bank of England."

Sir Alexander said that, in view of these difficulties, his Government would wish to have the restrictions on the holders of Canadian securities eliminated and that a new agreement be entered into between the two governments, under which

[67] Voir/See Volume 12, Documents 796-809.

the United Kingdom would undertake to reduce the balance to $250 million at the end of 1951, and to pay this off in ten equal instalments of $25 million a year on an interest-free basis. On being told that it was unlikely that the Canadian Government would regard this proposal favourably he made the alternative suggestion that the present arrangements be continued, but the United Kingdom would guarantee that the minimum repayment in any year would not be less than $25 million. If it were less the difference would be made up by direct payments by the United Kingdom Government. In return for such a minimum guarantee, he wondered if the Canadian authorities would agree to allow switching.

The considerations affecting the decision of the Canadian Government to reject the United Kingdom proposals can be summarized briefly. If switching were permitted, British holders of Canadian securities called for redemption would be able to transfer their investment to Canadian securities of longer term. Moreover, since the end of the war a substantial portion of the funds available for payment on the loan have arisen as a result of sales of Canadian securities in the Canadian market by U.K. residents; if switching were permitted, any Canadian security would be saleable in the United Kingdom since it could be used for switching into the desired Canadian investment. In these circumstances it would be surprising if the amounts available for repayment on the loan did not decline to negligible proportions, and, as originally proposed, the $25 million annually would be a direct charge on the United Kingdom Treasury.

It is possible that the U.K. proposals might affect the present volume of direct U.K. investment in Canada. Under present arrangements this investment is financed out of the proceeds of security sales or redemptions. If the United Kingdom were repaying $25 million a year on the loan it is unlikely that they would be in a position to permit much additional export of capital to Canada. Presumably potential investors would be compelled to seek entry to Canada by buying Canadian securities in the United Kingdom (no doubt at substantial premia) and then switching.

In effect the adoption of the United Kingdom proposals would mean that Canada would be giving up the collateral on the loan, and taking in its place a long term unsecured note. In addition, the extension of the interest-free provision for as long a period as ten years would seem to be inconsistent with the intention of original loan or of the 1946 extension. On the other hand, repayment in five annual instalments of about $50 million, even if they had been prepared to undertake this, would seem to impose too heavy a burden on the United Kingdom at a time when presumably they will be making repayments on the Canadian and American post-war loans and might prejudice the position of certain Canadian exports to U.K. and U.S.A. It also appeared that the United Kingdom would not be prepared to accept a settlement involving the payment of interest on the balance outstanding. The United Kingdom authorities were therefore advised that unless the loan was reduced to much smaller proportions by a substantial lump sum repayment, the Canadian Government could not see its way clear to allowing switching. The United Kingdom Government replied that they did not consider the switching privilege valuable enough to justify making a substantial payment now (February 1951).

In consequence, the only solution acceptable to both governments was the continuation of the present arrangements. The Canadian Government has agreed to recommend to Parliament that the present arrangements with respect to the 1942 interest-free loan be continued for a further three-year period, that is until January 1st, 1954. Legislation to this effect will be introduced at the fall session of Parliament. A statement to this effect was announced by the Acting Minister of Finance on August 1st, 1951, at the same time as a similar statement was made in the United Kingdom House of Commons.

In connection with the charge made frequently in the United Kingdom that holders of American securities are in a preferred position to holders of Canadian securities, it might be useful to refer to the different policies adopted by the American and Canadian Governments in their handling of aid to the United Kingdom in the early days of the war. The United Kingdom was obliged to vest and sell the bulk of its American securities at bargain prices before Lend-Lease appeared on the scene in 1941. The Canadian Government, on the other hand, had resisted considerable feeling in Canada that all Canadian securities held in Britain should be bought back as a method of providing dollars needed by the United Kingdom. The Government's own direct and guaranteed obligations, including certain unguaranteed obligations of the C.N.R., were repatriated, but there was only one small vesting of Canadian securities other than Government's and C.N.R.'s. Not only were United Kingdom investors left with a higher proportion of their total pre-war holdings of Canadian securities than was the case with their American securities, but they retained almost all their holdings of Canadian equity securities as compared with a reduction of more than 50% in their comparable U.S. holdings. They have since enjoyed a very substantial increase in the market value of their Canadian equities, as compared with the low prices realized on their large forced sales of U.S. equity securities in the early days of the war. Although not directly relevant, it is worth remembering that there was in Canada no liquidation of United Kingdom direct investments, whereas in the United States a major direct investment, Courtauld's subsidiary American Viscose, had to be sold at a fraction of its value even at that time. It might also be noted that at the end of the war Canada was still in the position of being a net debtor to the United Kingdom on capital account, in contrast with the position of the United States. This information might be useful in counteracting the impression that Canada has been treating the United Kingdom investor more harshly than has the United States.[68]

[68] Voir/See *Montreal Gazette*, August 2, 1951.

625. DEA/1893-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour la Direction économique

Memorandum from Special Assistant to Secretary of State for External Affairs to Economic Division

SECRET [Ottawa], August 25, 1951

While Mr. Pearson was in the United Kingdom, a number of individuals spoke to him at some length about the desirability of increasing United Kingdom investment in Canada. On political grounds, the Minister is inclined to think that this would be strongly to Canada's advantage. The very large flow of United States capital, which is now coming to Canada, is welcome for a number of reasons, and not least, because it covers, and more than covers, the substantial deficit that Canada is now running on current account. On the other hand, this large capital inflow does greatly increase our dependence on the United States. Investment in Canada by the United Kingdom, even if it were on a much smaller scale, might do something to counter-balance heavy United States investment.

2. The Minister would, therefore, be grateful if a paper could be prepared in your Division on the possibilities of increasing United Kingdom investment in Canada and on possible methods by which this might be encouraged. He is, of course, aware that the chief obstacle at the moment is provided by the exchange regulations of the United Kingdom Government. But he wonders whether it might not be possible for Canada, by one means or another, to facilitate investment here of United Kingdom capital.

3. Mr. Pearson is aware of the many pressing responsibilities now borne by the Economic Division and is quite content to wait for sometime before receiving your views on this subject.[69]

D.V. LEPAN

626. DEA/1893-40

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 29, 1951

Attached is a memorandum prepared in the Economic Division on the subject of United Kingdom investments in Canada. You may remember some time ago hav-

[69] Note marginale :/Marginal note:
Mr Griffin (on return) Would you be willing to put together some material on this dollar-sterling subject? The Bank [of Canada] & [Department of] Finance would no doubt be very glad to help. A.F.W.P[lumptre]. Aug. 28/51

ing asked the Economic Division, through LePan, to prepare some notes for you on this subject and you indicated at the time that there was no rush about this. Accordingly the preparation of the material has not been given any priority.

As you know and as is stated in the memorandum, the arrangements covering the U.K. interest-free loan have been extended to 1954. The enclosed memorandum presents a case for relaxing some of the terms of this loan. It would clearly be bad timing to press these arguments upon the Department of Finance now when we have so recently extended the arrangements. If you agree, perhaps we could retain this memorandum on file for six or eight months and then following consideration of the question within the Department make our views known to the Department of Finance. I am informed that notwithstanding their present critical external situation the U.K. Government feels every bit as strongly about relaxing the ban on "switching" now as it did a year ago when the suggestion to relax it was originally made.[70]

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction économique

Memorandum by Economic Division

[Ottawa], December 27, 1951

UNITED KINGDOM INVESTMENT IN CANADA

It is proposed in this memorandum to examine the position of United Kingdom investment in Canada over a period of years up to the present time, to assess the political and economic importance of this investment and to suggest possible ways by which it could be facilitated.

Position of British in Relation to Total Foreign Investment

2. British investment in Canada up until 25 years ago was a significant proportion of the total. It is unnecessary to emphasize the fact that almost all the early development of this country was undertaken by British capital; the City of London participated heavily, for example, in the financing of our railway development in the latter part of the last and in the first decade of this century.

3. Since the "twenties", however, there has been a marked decline. This decline has been sharply emphasized by the consistent increase in total foreign investment. This increase is almost entirely attributable to a heavy influx from the United States. No attempt will be made here to explain why the United States has supplanted the United Kingdom as our principal source of foreign financing but probably the most important of several obvious reasons is that by establishing subsidiary plants in Canada the United States was able to gain access to markets in the sterling area protected by the British Preferential Tariff. This does not mean that the

[70] Note marginale :/Marginal note:
Mr Plumptre Many thanks L.B.P[earson].

realignment had not begun before the Ottawa Agreements of the early "thirties" but certainly the trend was accentuated following these Agreements.

4. In Table 1 overleaf is set forth a breakdown of foreign investment for selected years:

TABLE I

(millions of dollars book value)

Years	U.K.	U.S.	All other	Total
1926	2,636 (44%)	3,196 (53%)	170 (3%)	6,002(100%)
1930	2,766 (36%)	4,660 (62%)	188 (2%)	7,614(100%)
1939	2,476 (36%)	4,151 (60%)	286 (4%)(a)	6,913(100%)
1945	1,750 (25%)(b)	4,990 (70%)	352 (5%)(c)	7,092(100%)
1949	1,694 (21%)(d)	5,932 (75%)	340 (4%)	7,966(100%)

(a) This fairly substantial increase occurred principally as a result of a flight of capital following Munich.

(b) This decline arose as a result of U.K. official repatriation during the period of war-time liquidation of dollar exchange.

(c) This increase arose out of re-investment by the Custodian of Enemy Property of income held back during the war. There is also doubtless some refugee capital included.

(d) This figure includes for the first time British investments in Newfoundland amounting to approximately $350,000,000.

5. 1949 is the last year for which final official figures are available. Since then, while there has not been much change in the British figure, (some liquidation and some new investment) the United States figure has risen to a new peak. This is attributable not only to a direct influx of new capital but to heavy reinvestment of earnings. By the end of 1950 the United States figure is estimated to have risen to between six and one-half and seven billion dollars. This rise is expected to have been sustained in 1951 and it is estimated that the United States figure will amount to over seven and one-half billion dollars by the end of this year.

Advantages of Facilitating U.K. Investment

6. A strong argument can be made out for encouraging an increased flow of British capital to Canada. As is known, an extremely high proportion of our total visible foreign trade is already conducted with the United States. To be precise 66% of our exports now go to the United States and 67% of our imports emanate from that source. This, in itself, poses some awkward questions for us; with such a high proportion of our trade confined to one country there is always the danger of dictatorial complications arising. We court unpopularity in our international relations generally by our apparent dependence upon the United States and by what must often appear to be subservience to their economic pressures. One of the recent departmental policy papers stated:

"Our bargaining power in political and economic matters has been reduced because of our closer economic relations with the United States".

It is naturally not suggested that Canada should adopt any measures which would have the effect of restricting our trade with the U.S. But what we should do is to encourage in every way we can the development of our trade with other countries. A very good way of doing so is to stimulate outside investment in Canada.

7. Apart from the foregoing point which is perhaps the most important one, there is evidence that once British capital has financed an enterprise, the U.K. Government hesitates, during periods of economic emergency, to cut back imports of the production of that enterprise. In other words, if the U.K. permits investment in an enterprise in Canada, particularly one which produces types of raw materials which the U.K. must import from one source or another but which in periods of dollar crisis could be found elsewhere, the chances of their cutting back imports from Canada at a time of economic stress are materially lessened.

8. A good example of the way a British investment can influence U.K. import policy is the recent British investment in the Kitimat aluminium project in British Columbia. Here the British not only invested capital but made sure of obtaining a stated proportion of the output. The investment accomplished two things. It helped to offset the heavy proportion of United States investment in Canada and also created an export demand in the United Kingdom which ought to be a great deal more permanent than if the investment were not behind it.

9. Another illustration, in this case of an investment that was not made but which well might have been, is afforded by a recent decision of the Dominion Steel and Coal Corporation. That Corporation has had difficulties in recent years persuading the U.K. to provide dollars for the importation of Wabana ore and the result has been some depression in this Newfoundland industry. Changed circumstances in U.K. alternative sources of supply recently persuaded the U.K. Government to approve a five year contract with DOSCO for a substantial tonnage. To meet this contract, DOSCO undertook an expansion programme at Wabana, financing it in Canada. It might have been wiser to explore the possibility of obtaining U.K. financing. Such an interest might well colour the British long-term attitude towards iron ore purchases.

10. Another minor argument is that, to some limited extent, U.K. investment in Canada can be considered as a sort of secondary dollar reserve. When U.K. reserves become depleted, the corrective action almost always affects Canada adversely. It is obvious, of course, that especially in "bricks and mortar" types of investment there is an inherent lack of liquidity and nobody would argue that this type of investment would serve the purpose of meeting sudden and short term demands arising out of periodic and more or less normal deficits on international current or capital account. Nevertheless, as the table in paragraph 4 illustrates, there is ample precedent for the utilization of foreign investment to meet major threats to external stability; threats, which in the absence of such assets, would simply impose the burden on gold and dollar reserves. The building up of U.K. investment in Canada suggests, therefore, a contribution to the means whereby the U.K. could

weather the economic storms which blow up every two years or so and which invariably exercise an unfavourable effect upon Canadian trade.

The Interest Free Loan

11. This loan, it will be remembered, arose as a result of approximately $1,000,000,000 worth of U.K. purchasing in Canada during the early part of the war before mutual aid was established. Of this indebtedness $300,000,000 was liquidated through the sale of U.K.-held Canadian obligations, mostly C.N.R. and Canadian Government bonds. The remaining $700,000,000 was formally established in 1942 as a loan by the Canadian Government to the Government of the United Kingdom. The arrangement was that the loan would be free of interest, would mature at the end of the war and would be reduced by the application of funds arising from any redemption or repayment of Canadian securities owned in Britain as well as by the proceeds of any sales of U.K.-owned Canadian securities to persons outside the U.K. In 1946 this financial arrangement was extended to 1951 and in the House of Commons recently the Minister of Finance announced a further extension until January 1, 1954.

12. The effect of the arrangements requiring application of the proceeds of security sales and redemption to the interest free loan is, of course, that residents of the United Kingdom cannot "switch" their Canadian securities or maintain their investments if redeemed. There has been a good deal of press discussion in the U.K. about the ban on switching and some considerable bitterness in the City of London. However, the ban on switching is not, in its effect, outright because in December 1946 the Canadian Government agreed:

(a) to allow U.K. residents to accept new Canadian securities in a reorganization proceeding;

(b) to allow Canadian dollar securities held by U.K. residents to be transferred to heirs in the settlement of estates;

(c) to allow new direct "bricks and mortar" investment in Canada to be offset against sales of securities for the purpose of calculating the amount which could be applied from time to time in retirement of the loan. The intention here was that this direct investment would be limited to the establishment of new or to the extension of existing industrial plant and would serve to bring British "know-how" to Canada.

13. As of October 1946, new direct investments arising from this source amounted to approximately $43,000,000. The Parliamentary Assistant to the Minister of Finance recently outlined the terms under which transferral of capital under the agreement could be accomplished. He also referred to some of the investments that had come to Canada through the operation of this arrangement (Hansard, Thursday, November 22, 1951). He mentioned the following among others:

(a) The English Electric Company—to manufacture the Y-100 Turbine in Canada;

(b) Kemball Bishop and Company—to manufacture citric and tartaric acid;

(c) The Vivian Engine Works Ltd.—to manufacture diesels;

(d) The British Oxygen Company—to manufacture compressed gasses;

(e) The Edeco Company—to manufacture rock bits and mining machinery;

(f) Flight Refuelling Company—to manufacture apparatus for refuelling aircraft in flight;

(g) Sir George Godfrey & Partners—to manufacture aircraft equipment.

It will be seen that these items generally represent a specialized type of production in which the U.K. excels.

14. In December 1950, as a result of the agitation in the United Kingdom over the ban on switching as well as of the date of termination of the existing loan arrangement, the U.K. High Commissioner in Ottawa presented proposals for dealing with the unpaid balance of the loan which at that time amounted to approximately $260,000,000. He stated that the Bank of England felt that the restrictions on switching

(a) created a predisposition towards the sale of large blocks of Canadian securities;

(b) interfered with prudent investment since holders of securities were debarred from taking part in new developments in Canada;

(c) put a heavy administrative burden on the Bank of England.

The High Commissioner, therefore, proposed that the U.K. undertake to reduce the outstanding balance to $250,000,000 by the end of 1951 and to pay this off in ten instalments of $25,000,000 a year interest-free. In return for this arrangement, the U.K. proposed that the ban on switching be relaxed.

15. The Canadian Government was not able to accept this proposal. The Department of Finance felt that any transferral of the machinery by which the loan would be liquidated from the sale of securities to a direct charge against U.K. gold and dollar reserves might, during a period of external stringency such as the present, have unfavourable effects upon Canadian exports to the U.K.

16. The High Commissioner thereupon made an alternative suggestion. He proposed that the present arrangement be continued but that the U.K. would guarantee that the minimum repayment in any year would not be less than $25,000,000. In return for this minimum guarantee the U.K. requested that the Canadian authorities agree to allow switching.

17. The considerations affecting the decision of the Canadian Government to reject both of these proposals really boil down to a single fact: if switching were permitted, it would mean that Canada would be giving up the collateral on the loan and taking in its place a long-term unsecured note.

18. This is undoubtedly a cogent statement with a nice, solid, Treasury ring to it, but there is some question whether or not our political and economic interest in diversifying total foreign investment in this country does not outweigh our interest in maintaining full security on the loan or even in ensuring its actual repayment. The obligation arose in 1941 as part of the joint war effort. It was consolidated into a "loan" at the same time that Canada extended its billion dollar gift to Britain on which, of course, no repayment has been desired or expected. Moreover, it is apparent that the "collateral" against the loan amounts to far more than the outstanding balance of the loan itself — $229,000,000 as of October 1951.

19. The argument may be advanced that if switching is permitted and responsibility for repaying the loan is transferred to a direct charge upon the U.K. Treasury, the effect will be elimination of the principal means by which new British capital for "bricks and mortar" enterprises can in present circumstances be made available, It is probably true that in periods of dollar difficulty the U.K. Treasury will feel obliged to restrict the supply of dollars for such a purpose. But in assessing the validity of this argument the net position of U.K. investment in Canada should not be overlooked; it has, after all, required the liquidation of $428 million of existing U.K. investment to produce only 43 million of new investment through the concession we have granted under the scheme of loan repayment. The Bank of England has between November 1950 and July 1951 made available separately — that is, over and above the $43 million — a further total of $3.75 million for direct investment in Canada. This would seem to indicate that there exists in the U.K. Treasury a realization of the ultimate value of investment in Canada to the U.K. external payments position. And it seems probable that the present U.K. Government feels more strongly on this point than the Labour Government did.

Conclusions

20. It should be said at once that it is almost impossible for Canada to put forward any really effective method of facilitating British investment which in the end does not turn out to be either a loan or a gift; investment by a U.K. company in Canada obviously involves the acquisition of Canadian dollars and, if these cannot be made available by the Bank of England, Canada can help only by making them available herself in one form or another. It is concluded, however, that the "freezing" of British investment which results from the ban on switching has an unsatisfactory result from the Canadian, as well as from the U.K. point of view. It creates a considerable degree of rigidity and denies the U.K. investor the opportunity to participate in the present very lively exploitation of Canadian resources which generally may be expected to produce capital gain and consequent expansion in total British investment in this country.

21. In balancing the political and economic importance of diversifying foreign investment in Canada against our interest in securing the repayment of the loan, it would appear that the former outweighs the latter, particularly having regard to the circumstances under which the loan was contracted in the first place.

22. It is concluded that the rebuilding of British investment is of some considerable political and economic importance to Canada and that at an appropriate time the Department should support proposals to allow "switching" and to accept repayment of the loan as a direct charge on U.K. gold and dollar reserves. In accepting proposals of this kind it is difficult to see how we should be prejudicing to any extent our present exports to the U.K. because they are already on or near a minimum basis. That is to say, further cuts in Canadian imports by the U.K. are unlikely since our exports to the U.K. are at present confined almost entirely to necessary raw materials.

A.G.S. G[RIFFIN]

SUBDIVISION IV/SUB-SECTION IV

IMMIGRATION

627. PCO/Vol. 194

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], April 27, 1951

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. A.D.P. Heeney, Under-Secretary of State for External Affairs,
Dr. W.C. Clark, Deputy Minister of Finance,
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. Graham Towers, Governor of the Bank of Canada,
Mr. W.F. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board.
Mr. R.G. Robertson, Privy Council Office, (Secretary).

Also present:
The Deputy Minister of Citizenship and Immigration, (Col. Fortier),
Mr. A.F.W. Plumptre, Department of External Affairs,
Mr. G.B. Urquhart, Department of National Revenue,
Mr. C.M. Isbister, Department of Trade and Commerce.

I. IMMIGRATION, FUNDS TRANSFERABLE FROM THE UNITED KINGDOM

1. *The Deputy Minister of Citizenship and Immigration* referred to the decision of the Committee at its meeting of October 20, 1950 that no approach should be made to the U.K. government for an increase in the amount of funds transferable by immigrants to Canada until consideration had been given to other aspects of assistance to immigration. Since that time, the government had announced a special arrangement for immigrants to come by T.C.A. and also an assisted passage scheme for certain categories of immigrants. The objective for 1951 was to bring the total of immigrants up to 150,000 and it was felt that an increase in the level of transferable funds from the United Kingdom might be helpful. Movement from the U.K. was up considerably. In 1950, only 13,000 had come from the United Kingdom and nearly that many had arrived already in 1951. It seemed probable that about 35,000 might come during the year.

(Letter, Deputy Minister of Citizenship and Immigration to the Secretary to the Cabinet and enclosures — I.C.E.T.P. Document No. 88).†

2. *The Chairman* said that there did not appear now to be the same objections to a renewed approach to the United Kingdom as had been thought to apply in 1950. The representations could be made without prejudice to any other matter. The desirable approach might be to have the High Commissioner in London make representations to the Commonwealth Relations Office and at the same time to let

them know that it would be satisfactory to discuss the matter at the next meeting of the U.K.-Canada Continuing Committee on Trade if the United Kingdom so desired.

3. *Mr. Plumptre* suggested that it would be best not to ask for any definite figure as the new limit for immigrant remittances.

4. *The Committee*, after discussion, agreed that External Affairs ask the High Commissioner in London to make representations to the Commonwealth Relations Office seeking an increase in the amount of funds allowed to be transferred by immigrants from the United Kingdom to Canada and, in so doing, to inform the C.R.O. that it would be satisfactory to have the matter placed on the agenda of the next meeting of the U.K.-Canada Continuing Committee if the United Kingdom so desired; no new limit of transferable funds to be suggested in the representations.

II. IMMIGRATION; EXTENSION OF ASSISTED AIR PASSAGE SCHEME TO B.O.A.C.

5. *The Deputy Minister of Citizenship and Immigration* said that the U.K. High Commissioner's Office in Ottawa had enquired whether the Canadian government would be prepared to extend to B.O.A.C. an arrangement similar to that applying to T.C.A. for the movement of immigrants by air. B.O.A.C. was known to have some unused capacity and transportation was one of the limitations on immigrant movement at present. It would, accordingly, be useful, if some immigrants could come by B.O.A.C. It had been explained in response to the enquiry that the arrangement for T.C.A. was largely a matter of accounting since the government was responsible for any T.C.A. deficit. The arrangement applied only to unsold T.C.A. space and the amount contributed by the government for immigrant fares amounted to a deduction from the sum that would be payable to cover the T.C.A. deficit. There would be no such offset against any contribution toward passages by B.O.A.C. or other airlines. It was for consideration whether it might not be desirable to suggest to the U.K. government they inaugurate the arrangement for B.O.A.C. The position was parallel in that the U.K. government had to meet B.O.A.C. deficits. So long as only unsold space were used such an arrangement would appear to operate to the advantage of the United Kingdom since B.O.A.C. would receive at least £55 per immigrant for use of space that would otherwise be unoccupied.

(Letter, Deputy Minister of Citizenship and Immigration to the Secretary to the Cabinet with enclosure — I.C.E.T.P. Document No. 92).†

6. *The Chairman* said that he did not think the proposition was one that should be discussed formally with the U.K. government since it was a matter of internal financing. He had, however, raised it informally with the U.K. High Commissioner in Ottawa.

7. *Mr. Plumptre* suggested it might be appropriate to have the matter brought up informally at the London end.

8. *The Committee*, after discussion, agreed that the High Commissioner in London be informed of the representations made on behalf of B.O.A.C. for extension to it of the assisted air passage scheme and of the informal discussion with the U.K. High Commissioner of the alternative proposal for inauguration of an assisted air passage plan by the U.K. government using unsold capacity on B.O.A.C.; the

High Commissioner to be advised that, while it was felt that formal representations on the latter proposal would not be appropriate, there would be no objection to having it raised informally for consideration by the U.K. government.

628. DEA/72-AMX-40

Le haut-commissaire suppléant du Royaume-Uni au sous-secrétaire d'État adjoint aux Affaires extérieures

Deputy High Commissioner of United Kingdom to Assistant Under-Secretary of State for External Affairs

Ottawa, June 9, 1951

Dear Mr. Moran,

You will recall that I spoke to you last week on the question which I had raised at an earlier date of the possibility of B.O.A.C. assisting T.C.A. with passages of emigrants from the United Kingdom to Canada on a fill-up basis. You told me that the question was still under consideration by the various interested departments. In this connection I have been informed from London that Mr. Wilgress has handed in an Aide Mémoire on the question of emigration from the United Kingdom to Canada which stresses the importance of encouraging suitable emigrants from the British Isles.[71] A copy of this Aide Mémoire is enclosed for ready reference. It would seem that the offer which is now being made of using such B.O.A.C. vacancies as may become available is in the line of thought embodied in the High Commissioner's Aide-Mémoire.

I would very much hope that in the circumstances something might be done to accept the B.O.A.C. offer.

Yours sincerely,
J. THOMSON

[PIÈCE JOINTE/ENCLOSURE]

Aide Mémoire

London, May 21, 1951

It has been the policy of the Canadian Government in recent years to encourage emigration to Canada by fostering the careful selection and permanent settlement of such numbers of immigrants as can be advantageously absorbed in the national economy. Immigration to Canada, however, should not have the effect of altering the fundamental character of the Canadian population.

[71] Remis à Patrick Gordon-Walker le 21 mai 1951/Handed to Patrick Gordon-Walker on May 21, 1951.

In order to pursue this policy vigorously, the Canadian Government established a new Department of Citizenship and Immigration under the direction of a Cabinet Minister. Migration to Canada has been opened, broadly speaking, to all persons likely to become readily adapted to Canadian conditions and to be useful citizens. In April, 1950, the period of qualification for family allowances was reduced from three years' to one years' residence. Immigration rules have been simplified to reduce to a minimum the formalities required of settlers. In addition, the Canadian Government is facilitating sea and air passages to Canada by the Assisted Passage Loan scheme, and reduced fares on the Trans Canada Air Lines.

The Canadian Government considers that the absorptive capacity of Canada at the present time is such that it is prepared (notwithstanding the seasonal vagaries of employment and the housing situation) to accept settlers during the whole of the year.

It has become clear, however, that the numbers of settlers from the British Isles have dropped very considerably. The latest figures illustrating this fall are:

Year	Total	Non-British	British	% British to Total
1945	22,722	8,045	14,677	64.6
1946	71,719	20,311	51,408	71.7
1947	64,129	25,380	38,747	60.4
1948	125,414	79,357	46,057	36.7
1949	95,217	73,016	22,201	23.3
1950	73,912	60,485	13,427	18.1

As the United Kingdom Government knows, Canada has traditionally accorded preference to immigrants from the British Isles. The Canadian Government is most anxious that the proportion of settlers from the United Kingdom should be maintained and it has reason to believe that this view is shared by the United Kingdom Government.

Among the factors which impede the flow of British migrants to Canada are shipping fares and the restrictions on transferable funds. Though precise statistics are not available in Canada or in the United Kingdom on this point, reports from Canadian Immigration officers throughout the British Isles indicate that one of the main deterrents to prospective migrants who would come forward, is the limitation of the transfer of funds. The welcome administrative relaxations announced by the Chancellor of the Exchequer on June 20, 1950, have been productive of results in some cases. However, the majority must rely on an annual amount which, in the case of heads of families, is insufficient under Canadian conditions to ensure adequate chances of success in the delicate operation of transplanting whole families to new surroundings.

The Canadian Government therefore feels that the limitation in question should be mitigated, at least for heads of families, as a complementary measure to the administrative relaxations announced on June 20, 1950. The Canadian authorities are not unmindful that when the limitation on capital withdrawals by emigrants was reduced from £5,000 to £1,000, the critical dollar position of the United Kingdom

made such action imperative. It is considered, however, that an increase at this time, without imposing a heavy drain on United Kingdom resources of dollars, would lead to an increase in the number who will be able to emigrate to Canada which would be in the interests of both countries.

The Canadian Government, accordingly, seeks to ascertain the views of the United Kingdom Government on the following points:

(a) Whether the United Kingdom Government agrees with the desirability of encouraging general emigration from the United Kingdom to Canada at the present time and would welcome the Canadian Government taking such steps as may be appropriate, in the United Kingdom, to that end.

(b) Whether the United Kingdom Government would agree to raise the limitation on transferable funds, for heads of families at least, in addition to the administrative relaxations announced on June 20, 1950.

629. DEA/72-AMX-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 1040 Ottawa, June 19, 1951

CONFIDENTIAL

Following for the Minister from Heeney, Begins: Before you left, Mr. Harris handed to you a memorandum† which dealt in part with a proposal that arrangements be made with the United Kingdom Government for carriage of immigrants to Canada by BOAC. For your convenience I quote the relevant part of his memorandum:

"B. *Re Subsidy by the British Government to B.O.A.C. for the Transportation of Immigrants to Canada*

Some months ago the United Kingdom High Commissioner in Ottawa inquired whether the Canadian Government would be prepared to extend to B.O.A.C. an arrangement similar to the one applying to T.C.A. for the movement of immigrants by air. Similar representations had been made unofficially to us by representatives of B.O.A.C. immediately after the agreement with T.C.A. was announced last November.

Our agreement with T.C.A., as you are aware, is that this company has agreed to use its vacant seats to transport immigrants, the immigrants paying £55 (which is equivalent to tourist rate on ships), and the Canadian Government paying the difference between £55 and the regular first class rate charged by T.C.A. This plan serves two purposes:

(a) It facilitates the movement of immigrants to Canada (2,431 have used this plan between the 1st of December and the 30th of April).

(b) It helps financially T.C.A. who, by this means, fills their aircraft, collects £55 from the immigrants, which is money found as these immigrants would have travelled by sea. The difference in cost paid by the Canadian Government is only an accounting inscription as the deficits of T.C.A. are paid by the public.

I believe the following comparative statement explains more clearly the advantages of this plan:

	Immigrants	Non-Immigrants	Total Passengers	Capacity
Five Months ended April 30, 1950				
T.C.A.	265	2,664	2,929	4,640
B.O.A.C.	190	1,323	1,513	4,033
Totals	455	3,987	4,442	8,673
Five Months ended April 30, 1951				
T.C.A.	2,431	2,023	4,454	5,280
B.O.A.C.	362	2,327	2,689	5,184
Totals	2,793	4,350	7,143	10,464

We believe that the British Government could adopt a similar plan with B.O.A.C. You will note from the above statement that their aircraft are still not booked to capacity. In fact, during the period of December 1st to April 30th they had 2,234 vacant seats, which could have been filled by immigrant passengers. These immigrants would have paid £55 each representing an income of £122870.

The United Kingdom Government is assisting financially in the transportation of immigrants to Australia. An agreement such as the one the Canadian Government has with T.C.A. would not cost anything to the British Government (who pays the deficit of B.O.A.C.), would, at the same time, increase the revenue of B.O.A.C. (the immigrants having to pay £55), and would assist Canada in its immigration programme.

I would suggest that during your visit in the United Kingdom you discuss these matters with the Ministers of the British Governments."

2. As Mr. Harris explains, the Government now pays TCA the fare in excess of £55 for immigrants who occupy seats which would otherwise be vacant. This arrangement is justified because TCA is government-owned and its annual deficit on international services is made up from public funds. The fare subsidies paid by the government constitute a reduction of the annual deficit and are therefore largely an accounting transaction.

3. It would be more difficult to justify such payments to a foreign airline. However, we would be glad to see BOAC use its vacant seats to carry immigrant traffic which TCA cannot handle provided they will do so with no, repeat no, subsidy from us. This might be done in two ways:

(1) by BOAC establishing a fare of about £55 for such "fill-up" immigrant traffic. Under inter-company agreements it would be permissible for them to do this if we requested it; or

(2) by BOAC charging full fare, the immigrant to pay a share of about £55 and the United Kingdom Government to make up the difference.

4. The United Kingdom Government might prefer the second alternative since it would not involve fare cutting. No real expense would be involved since their payment of subsidies would serve to reduce BOAC's annual deficit. In either case, BOAC would benefit by the revenue obtained from seats which would otherwise be vacant.

5. The Deputy High Commissioner at Earnscliffe thinks that his Government would be interested in some such arrangement. If the United Kingdom Government agrees, details could be worked out with BOAC by our Immigration authorities. You may wish to pursue the matter while you are in London. Ends.

630. DEA/72-AMX-40

Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni au haut-commissaire au Royaume-Uni

Secretary of State for Commonwealth Relations of United Kingdom to High Commissioner in United Kingdom

London, June 25, 1951

Dear Dana [Wilgress]:

You will remember that on the 21st May you left with me an aide mémoire asking for our views on

(a) the general question of encouraging emigration from the United Kingdom to Canada, and

(b) the possibility of raising the present limit on transferable funds for heads of families.

I am glad to be able to tell you that the Chancellor of the Exchequer has agreed to increase the amount which heads of families may take to Canada. The present limit of £1,000 in the first four years will be increased by £250 in respect of every dependent member of the emigrant's family provided that the total does not exceed £2,000. In addition consideration will be given to applications by emigrants to spend their blocked funds in this country, during their first four years, on personal effects and tools of their trade. Both concessions will apply to emigrants already in Canada as well as to those going out in the future. The Chancellor will be announcing this in answer to a question in the House of Commons on Tuesday afternoon, the 26th June.

In our conversation on the 21st, I told you that Mr. Holt, the Australian Minister for Immigration, would be coming over fairly soon to have talks about migration and that I should very much like to have talks with you about the same time.

I have now heard from Mr. Menzies that Mr. Holt will be unable to come over and Mr. McCarthy, the Acting High Commissioner, will take the discussions

instead. I hope to embark on these discussions at the beginning of July and I should be very glad to have similar discussions with you about the same time.

Yours ever,

PATRICK [C. GORDON-WALKER]

631. DEA/72-AMX-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 1615 London, June 29, 1951

CONFIDENTIAL

Reference: Your telegram No. 1040 of June 19th.

CARRIAGE OF IMMIGRANTS BY B.O.A.C.

2. As reported by the Minister to Mr. St. Laurent he raised the issue referred to in your telegram with Gordon-Walker on June 27th. I myself had previously broached the subject informally, as suggested by you, with Sir Miles Thomas, Chairman of BOAC, and Gordon-Walker. The former had been enthusiastic and the latter, non-committal.

3. In order that the United Kingdom officials have before them some of the facts which might influence their decision, Coté and Ritchie, together with Cumming of Immigration, saw Gibson of CRO and Duff of Civil Aviation on June 29th in an informal talk and gave them the arguments and the figures contained in your telegram under reference so that they may be in a position to brief their Ministers for a reply in due course.

4. I gather that Gordon-Walker may wish to discuss immigration questions during the week after July 9th when it may be that Gordon-Walker will let us know his views.

5. I should think that Gordon-Walker's reply would be a favourable one. In this event we should require to discuss in detail, dependent on the United Kingdom decision whether BOAC will charge full fare or not, what would be the arrangements between BOAC and TCA in London. I assume that you are keeping TCA informed of this approach and the possible developments which may rapidly ensue.

632. DEA/72-AMX-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 1779 London, July 17, 1951

RESTRICTED

Reference: Your despatch E-1832 of May 2.†

PROPOSED BOAC ARRANGEMENT FOR EMIGRANT TRAVEL

Commonwealth Relations Office in a letter† to us dated July 16 stated that the proposal made by Mr. Pearson has been considered by the Minister of Civil Aviation and CRO in the light of the information we had given. The conclusion is that whatever the merits of this proposal, it would not be possible for the United Kingdom to operate it in view of the statutory provisions governing the payment of subsidies to BOAC and the United Kingdom system of accountability to Parliament for such payments.

2. CRO suggests, however, that the desired results can be achieved by an alternative arrangement which the United Kingdom High Commissioner in Ottawa has given the United Kingdom reason to believe is acceptable to you. Under this alternative, the Ministry of Civil Aviation would issue direction under an IATA resolution authorizing BOAC to carry migrant traffic to Canada on a "fill-up" basis with the stipulation that intending passengers must produce a certificate to prove their bona fides. When the direction is issued, details of arrangements could be discussed by BOAC with TCA in the light of current load factors in the west bound direction.

3. CRO concludes its letter by saying that the United Kingdom High Commissioner in Ottawa has been asked to communicate with you on these lines and if he confirms that the Canadian authorities agree, the authorization to BOAC will be issued without further delay.

4. The IATA resolution concerned is 216/200. The Ministry of Civil Aviation is satisfied that it can operate under the second proviso that passes may be issued at the request of the members' governments provided this is also satisfactory to any other country into which they are operating. The United Kingdom is apparently doing this for New Zealand emigration traffic.

633. PCO/Vol. 165

Note du secrétaire adjoint du Cabinet pour le premier ministre

Memorandum from Assistant Secretary to Cabinet to Prime Minister

CONFIDENTIAL Ottawa, July 25, 1951

RE CARRIAGE OF IMMIGRANTS TO CANADA BY B.O.A.C. AT REDUCED RATES

The meeting of the Cabinet on July 24th deferred decision on the proposal to have B.O.A.C. carry immigrants at reduced rates. The Department of Citizenship and Immigration considers the matter to be important and urgent since they have a large backlog of immigrants in the United Kingdom awaiting movement to Canada and a severe shortage of passenger accommodation. Unless new space is made available, some of the immigrants already passed for entry will not be able to get passages before February or March, 1952. The Air Transport Board object to the type of arrangement it is proposed to have B.O.A.C. put into effect. In the circumstances, you may wish to be informed of the details and have an opportunity to consider the matter.

Some time ago, the government decided that T.C.A. should carry immigrants to Canada on a "fill-up" basis, with the immigrant paying £55 (the tourist rate by ship) and the Canadian government paying the difference. The arrangement has been entirely successful. B.O.A.C. has a number of vacant seats westbound and the British government asked if we would extend the same arrangement to that line. We proposed in turn that the British government should inaugurate the plan since they have to meet B.O.A.C. deficits in any case. At Mr. Harris' request, Mr. Pearson urged British action along these lines in the course of his visit to London.

The Commonwealth Relations Office have now stated that, in view of the statutory provisions governing the payment of subsidies to B.O.A.C., and the U.K. system of accountability to Parliament for such payments, they cannot inaugurate a scheme along the same lines as our T.C.A. plan. As an alternative, they suggest that the Ministry of Civil Aviation issue a direction under IATA Resolution 216/200 authorizing B.O.A.C. to carry immigrant traffic to Canada on a "fill-up" basis (presumably at £55) with the stipulation that intending passengers would have to produce a certificate to prove that they are bona fide immigrants. Apparently such an arrangement is in effect with New Zealand and has been adopted in a few other instances. The Department of Citizenship and Immigration thinks that it might provide accommodation for about 1,000 immigrants between now and the end of the year.

The objections of the Air Transport Board to the plan are set forth in the attached memorandum† by Mr. Baldwin to Mr. Chevrier. Briefly they are:

(1) A reduced fare scheme of the sort proposed might endanger the international rate structure on the Atlantic.

(2) The resolution under which B.O.A.C. proposes to act was not intended to deal with situations such as immigrant movement and if used for the purpose would provide a loophole for other air lines to break or vary the Atlantic rate structure. The U.S. government and U.S. carriers would either take strong exception or else use it as a precedent to force other undesirable rate changes.

(3) An alternative course is available — that of having the Department of Citizenship and Immigration charter B.O.A.C. or other planes for special flights to carry immigrants.

The Air Transport Board think that, in any case, the U.K. proposal should not be adopted without full discussion first among IATA members, so that the views of other air lines and governments may be known.

While Mr. Baldwin makes a strong argument, it is somewhat difficult to see why the trans-Atlantic rate structure would be imperilled by a scheme under which an immigrant pays £55 and the British government makes up the deficit, but is not imperilled when an immigrant pays the same price and the Canadian government makes up the difference. In either case, the immigrant gets the advantage of a cut rate and the only difference is as to the form in which the government provides the subsidy. As to the argument that the plan might be extended dangerously to other fields, there appear to be two safeguards. One is that the fares would apply only on a "fill-up" basis. There could thus be no reservation of space in advance and the uncertainties of travel would make such a basis unattractive and not likely to be extended except in the case of persons such as immigrants. The second safeguard is that, as I understand it, the IATA resolution would be resorted to in a manner such as that proposed only with the agreement of the other country or countries involved in the flight to which the reduced fare would apply.

Unless there is a much greater difference than I am able to discern between the substance of the British government's plan and the plan we asked them to institute, they might have some reason to feel that we were taking an unduly technical position in objecting to its inauguration on their responsibility. If the matter is held over for prior discussion in IATA, the delay is likely to be such that very little help will be available for immigrant movement this year.

In the circumstances, the best course might be to inform the British government that we have doubts whether the plan will prove acceptable to other governments and air lines and also doubt the propriety of using the IATA resolution for this purpose, but that we would be prepared to see the plan instituted on the understanding that it would be terminated if other governments or lines objected or if IATA decided that the resolution did not properly cover the scheme.

R.G. R[OBERTSON]

634. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 31, 1951

. . .

IMMIGRATION; CARRIAGE OF IMMIGRANTS TO CANADA BY BOAC AT REDUCED RATES

51. *The Minister of Citizenship and Immigration*, referring to the discussion at the meeting of July 24th, 1951, pointed out that the arrangement contemplated was for B.O.A.C. to transport immigrants on a "fill-up" basis at the reduced rate of £55. This was the same as the rate charged to immigrants moved by T.C.A. but the Canadian government paid to T.C.A. the difference between the £55 and the full air rate. The arrangement with B.O.A.C. did not envisage any such re-imbursement.

52. *The Minister of Transport* felt that, although U.K. authorities had indicated that the B.O.A.C. proposal could be put legally into effect under I.A.T.A. Resolution 216/200, the scheme, in actual fact, would be in contravention of the spirit of this resolution, which, although authorizing participating air lines to transport passengers on free passes or at reduced rates in certain cases, was intended to cover such occurrences as inaugural flights, the transportation of "V.I.P.'s", action to be taken in cases of emergency, such as floods and other disasters and could not be construed to apply to a mass immigration movement.

53. *Mr. Harris* pointed out that there was in reality very little difference between the T.C.A. scheme and the B.O.A.C. proposal, since in the latter case the U.K. government would have to make up any deficit suffered by the U.K. line.

54. *The Minister of Trade and Commerce* was of the opinion that, if the B.O.A.C. proposal were put into effect, the International Air Transport Association could probably not survive.

55. *The Prime Minister* felt that Canada could be justified in agreeing to this proposal only if the U.K. authorities obtained I.A.T.A. approval of the scheme.

56. *The Cabinet*, after discussion, agreed that the U.K. authorities be informed that Canada would agree to the British Overseas Airways Corporation proposal for the transportation of immigrants on a "fill-up" basis at reduced rates only if the scheme were submitted to, and approved by the International Air Transport Association.

635. DEA/72-AMX-40

Le haut-commissariat du Royaume-Uni
au sous-secrétaire d'État adjoint aux Affaires extérieures

High Commission of United Kingdom
to Assistant Under-Secretary of State for External Affairs

Ottawa, August 7, 1951

Dear Mr. Moran,

In Mr. Thomson's absence I refer to the memorandum† which he left with you on 20th July about the proposed action by the Canadian and United Kingdom Governments in regard to the establishment of a reduced fare for the carriage of migrants by B.O.A.C.

I have been asked to say that the United Kingdom authorities have been somewhat disturbed to learn that T.C.A. have apparently invited quotations from B.O.A.C., Air France and K.L.M. for charters to T.C.A. for the carriage of emigrants to Canada on an ad hoc or regular basis from London, Prestwick and Paris. It seems that this contract would be available until 31st December of this year with the possibility of further extension.

We should be glad to learn, in the light of the discussions which are still continuing between our two Governments, whether T.C.A. have taken the steps outlined above with the concurrence of the Canadian Government, or whether the matter has simply been discussed between the air corporations concerned.

I have also been asked to say that the authorities in the United Kingdom are disturbed lest the action said to have been taken by T.C.A. should deprive B.O.A.C. of a fair and equal opportunity under Article V(1) of the United Kingdom-Canada Air Agreement for the carriage of migrants to Canada. It remains the view of the United Kingdom Government that use of I.A.T.A. Resolution 200 would be less obnoxious as a precedent for the carriage of this traffic than would be the employment of a subsidy by the air lines which would undercut the I.A.T.A. fare to the passenger. It remains the desire of the United Kingdom Government to reach an early agreement with the Canadian Government in this matter, but in default of a mutually acceptable solution the United Kingdom authorities feel that there will be no other course open to them than to issue a directive to B.O.A.C. under Resolution 200, enabling them to carry emigrants on a fill-up basis at a fare not below £55.

In the circumstances the United Kingdom authorities hope that it may be possible for an understanding to be arrived at as a matter of urgency.

Yours sincerely,

JOHN CHADWICK

636. DEA/72-AMX-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire suppléant du Royaume-Uni

Under-Secretary of State for External Affairs to Deputy High Commissioner of United Kingdom

CONFIDENTIAL Ottawa, August 20, 1951

Dear Mr. Thomson,

I am replying to a letter of August 7, 1951, which, in your absence, Mr. Chadwick sent to Mr. Moran of this Department on the subject of a reduced fare for the carriage of immigrants by BOAC.

Before Mr. Chadwick's departure, we were able to inform him that any enquiries which TCA may have made with other air companies concerning charter rates for the carriage of immigrants were made on TCA's own authority and not on direction or request from any Government Department. As you know, however, our immigration authorities are most anxious to find ways of increasing the flow of immigrants to Canada from the United Kingdom. They have had to consider all possible means of providing more transportation for such immigrants and they have reviewed the possibilities of chartering aircraft for this purpose, if more desirable arrangements, such as the use of vacant seats on BOAC's westward flights can not be made. TCA have been aware of these considerations and it was probably on account of them that they made enquiries with the other air companies.

I am now able to say that the Government is prepared to agree, subject to certain conditions, to the proposal that BOAC be authorized to establish a fare of £55 for bona fide immigrants. The conditions are, in the first place, that this reduced fare be established for immigrant "fill-up" traffic only, that is, immigrants to this country occupying seats which cannot otherwise be sold at regular fares. Secondly, since we retain some doubt about the legality of basing the reduced fare on IATA Resolution 216/200, we wish to make our approval of the arrangement conditional upon its submission to, and approval by, IATA. Thirdly, since, in our view, the arrangement can be justified only by present conditions and present Canadian policies with respect to immigration from the United Kingdom, we wish to reserve the right to withdraw our approval for the arrangement should a change of policy or conditions make it no longer necessary.

A.D.P. HEENEY

637. DEA/72-AMX-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 1552 Ottawa, August 30, 1951

IMPORTANT

Following for Wilgress, Begins: The build-up in the United Kingdom of a large backlog of immigrants for whom no transportation is available has now reached a point where it is clear that the institution of BOAC's proposal for a £55 fare on a "fill-up" basis would be of relatively little help. The Immigration Branch have, therefore, had to make plans to provide additional space by the use of chartered aircraft. Cabinet has not yet considered the plan, but approval is likely, subject perhaps to some changes in the details of financing.

2. We have some fears that the United Kingdom authorities will not approve the use of chartered aircraft for our purpose. They have indicated that they think a charter scheme might prejudice the chances of obtaining IATA agreement for their £55 fare. Their opposition probably arises because they wish to obtain a large share of the immigrant traffic for BOAC and because they do not realize the size of the problem faced by our Immigration authorities.

3. It is urgent that charter flights begin at the earliest possible date. We would therefore be glad if an approach could be made to the United Kingdom authorities immediately at a high level to explain the present position and to obtain their agreement. Although it is realized that you are fully occupied in other ways, perhaps you could find time to make the initial approach. The matter could then be followed up by another member of your staff. We are anxious to have a final answer as early as possible, but if necessary Mr. Howe will probably be willing to follow up the question when he is in London late in September.

4. Following is a memorandum on this subject for your use. Appropriately amended it could be given to the U.K. authorities.

1. Air transportation for immigrants has taken on great importance for Canada in view of the desire of the government to increase the flow of immigration, particularly from the United Kingdom, and in view of difficulties in obtaining sea transport.

2. In the autumn of 1950, to facilitate this movement the Canadian Immigration authorities arranged for use of empty seats on regular TCA flights up to an agreed number. TCA received full trans-Atlantic passenger fare for immigrants carried on this basis, with the government assuming responsibility for the difference between the air fare and the normal sea passage fare of £55.

3. Our desire for a much larger movement of immigrants by air from the United Kingdom and the known availability of a large pool ready to come led to consideration of other supplementary plans as well. The United Kingdom Government has

been reluctant to establish for BOAC the arrangement which Canadian Immigration authorities have with TCA but suggested instead a special £55 fare for immigrants to Canada travelling by BOAC. This fare would be charged under the authority of International Air Transport Association Resolution 200 and would be for "fill-up" traffic only.

4. Our aviation officials have reservations regarding the propriety of use of Resolution 200 for this purpose and also as to the effect on the delicately-balanced trans-Atlantic rate structure and upon IATA itself if this fare were introduced without full consultation in IATA. For this reason, when the matter was considered by the Cabinet, it was decided that the proposal would be approved only if submitted to and approved by IATA. We understand the matter has not yet been submitted to IATA by BOAC.

5. Meanwhile, the shortage of transportation for prospective immigrants has become much worse. The backlog of immigrants waiting for transportation has now built up to a point where it is clear that if all vacant seats on TCA and BOAC westward flights were used, only a small proportion of the backlog would be moved to Canada by the end of 1951. The number of immigrants processed and waiting for transportation in the United Kingdom at the present time is approximately 20,000. Many of these are the wives and families of immigrants who have established themselves in Canada and who are now able to provide homes for them. For reasons connected with the problem of settlement in this country, it is necessary that a substantial part of the immigrants now waiting be transferred to Canada before the end of 1951, if further long delays are to be avoided. The Canadian Immigration authorities have therefore had to consider other methods of providing air transportation, and have concluded that it would be desirable to initiate a substantial number of special charter flights from the United Kingdom for this purpose. This offers no difficulty as to the rate structure since IATA Resolution 128 makes special provision for government-sponsored immigrant movements on a charter basis.

6. Under the charter arrangement which the Immigration officials have approved TCA would act as coordinator for the government in the chartering of foreign aircraft for the carriage of immigrants. This was considered preferable to the establishment of special coordinating machinery by the Immigration Branch itself. The difficulties to be faced by the Immigration Branch in expanding its personnel and space requirements, in addition to its lack of expert knowledge of ticketing and traffic handling, would make such establishment almost impossible if it is to be effective within the time required. Further, to make the scheme self-supporting as far as the actual air transportation is concerned, it is to be based upon the use of carriers who can quote a charter rate which, when divided by the number of passengers carried, works out at roughly £55 or $160 (Canadian) per head, i.e., about the same level as sea transportation. A number of foreign carriers are in a position to offer charter services on this basis, and while no direct quotation has been received from BOAC, charges which they have made for previous recent charter flights to Canada appear to indicate that they are in a position to offer a charter rate which would satisfy this requirement.

7. It is to be clearly understood that acceptance of the charter plan will not, in the Canadian view, prejudice implementation of the BOAC proposal for a fare of £55 for immigrant "fill-up" traffic. What extra space BOAC may be able to provide in this way will be a welcome addition to the transportation facilities available for immigrants. Further, we do not consider that the use of charter services now would in any way prejudice the BOAC reference to IATA. We feel, however, that the BOAC proposal may encounter serious difficulties in IATA and that a decision by IATA is likely to take considerable time. In the meantime, it will be necessary, if the pressing need for transportation is to be met, that charter flights be instituted immediately.

8. The United Kingdom Government will probably consider that traffic between the United Kingdom and Canada is primarily a matter for the two national carriers, TCA and BOAC, and that other carriers should not be employed so long as these two carriers can cater to the traffic. We agree in principle with this attitude and are fully prepared to have BOAC play a major part in any scheme for charter flights from the United Kingdom. Assuming that they can offer a rate which is satisfactory to our Immigration authorities, on the basis described above, any charters from the United Kingdom to Canada will be offered to BOAC before any other foreign carrier is given consideration. This should result in a very substantial volume of business being available to BOAC. However, the volume of available immigrant traffic is now so large that it is clear that BOAC and TCA will not by themselves be able to handle it. It will certainly be necessary to employ other air carriers if the desired flow of immigration is to be achieved.

9. It is understood that the United Kingdom Government would desire to obtain for BOAC a substantial portion of the air immigration movement to Canada, and from this point of view they might have objections to the arrangement established by the Canadian Government with TCA last autumn. The Canadian civil aviation authorities do not believe that the Canadian Government, in making this arrangement, was acting in a discriminatory fashion under our bilateral air agreement with the United Kingdom. The practice of private organizations of purchasing fares for members and then paying for part of these fares out of general funds is well known. In this respect the role of the Canadian Government is in no wise different from a private organization, except for the size of the movement involved. Further, we fail to see why it should be considered more objectionable, than, for example, the practice of some foreign governments in paying excessive rates for the carriage of mail in order to subsidize their air carriers, a practice to which, so far as we know, the United Kingdom Government has not objected.

10. The United Kingdom Government may argue that a certain number of the immigrants who move under the Canadian Government assistance scheme by TCA would, in the absence of this scheme, travel by air anyway, but are lost to BOAC since they now wish to take advantage of the Canadian Government assistance via TCA. This could, within a limited sense, be true but we have reason to believe that BOAC has benefitted from a number of normal first class passengers who might otherwise have travelled on TCA being diverted to BOAC because of the immigrant movement on TCA. Even more important, we believe that the new scheme for immigrant charter flights will make much more additional immigrant traffic

available to BOAC than to TCA. TCA is short of equipment at the moment and is unlikely to do any immigrant charter flying with TCA aircraft for at least the balance of 1951. Therefore, virtually the full volume of immigrant charter flying from the United Kingdom will be available to BOAC to the extent that BOAC is able to carry it, and BOAC will gain a definite advantage on balance.

11. To sum up, we consider that to move by air from the United Kingdom the number of immigrants required by Canada, the use of charter services on a substantial scale will be necessary to supplement any other arrangement which may be made. Secondly, we regard the BOAC proposal for a fare of £55 as a separate issue which would not be prejudiced by the immediate introduction of charter flights. Thirdly, on the rate basis indicated above, we are prepared to offer BOAC first rights on any charter flights from the United Kingdom before turning to the carriers of other countries for this purpose. The Canadian Government, considering that the immediate expansion of air immigration to Canada is a matter of urgent and national importance, would be grateful for the cooperation of the United Kingdom authorities in putting into effect as soon as possible the proposed arrangement for charter flights. Ends.

638. DEA/72-AMX-40

Note de la Direction économique pour le chef de la Direction économique

Memorandum from Economic Division to Head, Economic Division

[Ottawa], August 31, 1951

CARRIAGE OF IMMIGRANTS FROM THE UNITED KINGDOM BY BOAC

Our long telegram of yesterday's date is the outcome of a meeting held last Tuesday morning in Mr. Moran's office. Mr. Laval Fortier, Mr. Baldwin of the Air Transport Board and Mr. Palmer of TCA were present, as well as Mr. Moran and myself.

2. Immigration now have a pressing problem on their hands. Arrangements for shipping space and their agreement with TCA for "fill-up" space have not met the requirements of their immigration programme with the United Kingdom. The backlog of prospective immigrants awaiting air passage now amounts to about 20,000, and TCA can move only about 6,000 per year. Use of BOAC "fill-up" space would move perhaps another 6,000 per year, but the Air Transport Board are still hostile to BOAC's proposal for a fare of £55, and anyway, it is unlikely to be approved by IATA. Immigration have, therefore, developed with TCA a scheme for chartering aircraft from whatever companies are willing to offer them at a rate which will permit charging the immigrants a fare of £55.

3. Baldwin has had a letter from Cribbett of the United Kingdom Ministry of Civil Aviation, which suggests that the U.K. Government may refuse permission for the charter aircraft to operate to the United Kingdom, and TCA have been told

that BOAC will not make a bid for a share in the charter arrangement. We have therefore asked Wilgress to take up the question in London.

4. I still feel that these difficulties might have been avoided if we had consulted the United Kingdom when first putting into effect our arrangement with TCA and if we had earlier indicated our willingness to give BOAC a slice of the immigrant business. Further, I do not think we can agree with the Air Transport Board that the arrangement with TCA is in accord with our obligations under the Canada-United Kingdom Air Agreement. Now, if the U.K. wish to be difficult about the charter proposal, all that we can do is to try to mollify them and to persuade them to take a part in it.

5. At the meeting last Tuesday Mr. Fortier wanted to propose to the United Kingdom that BOAC put its £55 fare into effect immediately, subject to cancellation later if IATA disapproves. Baldwin and Palmer vetoed that. I think that their objections to the BOAC proposal for a reduced fare are reasonably sound. Nevertheless, if the United Kingdom authorities now hold up Immigration's new plans, it will not be simply because they wish to be awkward. It will be partly because we did not earlier show any interest in giving BOAC a share in the immigrant traffic, and because, to some extent at least, our arrangement with TCA is unfair to BOAC in that it will attract to TCA some traffic that might otherwise go by BOAC.

J.A. IRWIN

639. DEA/72-AMX-40

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

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

TELEGRAM 2336 London, September 14, 1951

RESTRICTED

Reference: Our telegram No. 2215 of August 31st.†

CARRIAGE OF IMMIGRANTS FROM THE UNITED KINGDOM BY CHARTER FLIGHTS

1. A memorandum has now been received dealing with the memorandum left with the Secretary of State for Commonwealth Relations on September 3, in accordance with the text given in paragraph 4 of your telegram No. 1552 of August 30.

2. In forwarding this memorandum, the Parliamentary Under-Secretary of State, Lord Lucan, makes the following comment: QUOTE: Your memorandum has been very carefully considered, and I am now able to say that the United Kingdom Government are prepared to accept the proposal that charter services should be used to facilitate the carriage of this traffic, subject to certain conditions which are intended to safeguard the legitimate civil aviation interests of our two countries. These conditions are set out in the attached note, which has been prepared by our civil avia-

tion authorities as a detailed reply to the points raised in your memorandum. UNQUOTE.

3. Text of memorandum from Commonwealth Relations Office, dated today, is as follows:

Memorandum begins:

The United Kingdom Government have considered with sympathy the appeal of the Government of Canada for cooperation in the acceleration of emigration from the United Kingdom and are willing to do everything possible, subject to safeguarding the legitimate interests of BOAC and TCA, to facilitate the clearance of the backlog of 20,000 emigrants by the end of the year.

2. The United Kingdom Government share the conclusion that a movement of this magnitude is beyond the capacity of BOAC and TCA and that recourse to foreign airlines to provide the balance of capacity will be necessary. They differ from the Canadian Government not in the objectives but only in the principles to be followed and the arrangements to be made to secure those objectives.

3. There are certain important basic considerations which govern the United Kingdom approach to this question, viz.

(i) Migrant traffic under United Kingdom law and under Canadian practice hitherto is reserved to the scheduled airlines BOAC and TCA, and the carriage of this traffic from the United Kingdom to Canada is governed by the terms of the United Kingdom-Canada bilateral agreement.

(ii) BOAC and TCA have primary rights of carriage of this traffic and equality of opportunity to compete.

4. In the light of these considerations it will be clear that the proposal that the Government of Canada should place contracts, even through the agency of TCA, with foreign airlines is inadmissible for the following reasons:

(a) Charter contracts of this nature would place the operations on a non-scheduled basis, contrary to United Kingdom law and the practice hitherto followed by the Canadian Government.

(b) BOAC, equally with TCA, is concerned with the placing of contracts with third parties (involving no subsidy from the Government of Canada) for the carriage of scheduled traffic originating in the United Kingdom. Accordingly it is the view of the United Kingdom Government that any foreign airline which may be employed should be the agent of both TCA and BOAC, and that these latter should be associated in the placing of the contract as they will inevitably be in supervising its performance.

5. It also follows from the considerations mentioned in paragraph 3, that the fares to be charged should be in conformity with the appropriate International Air Transport Association resolutions.

6. Since the only contribution which BOAC can make to the movement of emigrants *at a fare of £55* is through the use of "fill-up" space on its normal scheduled services, the interpretation of resolution 200 assumes importance. Notwithstanding the reservations of Canadian aviation officials regarding the propriety of using resolution 200, it remains the view of the United Kingdom civil aviation

authorities that this resolution is not only appropriate but may be invoked without IATA approval. In support of this view they point out that recourse to the resolution is left to the discretion of the governments and airlines concerned, without requiring IATA approval. Moreover BOAC officials concerned with the introduction of this resolution state that it was originally put forward not merely to make provision for the carriage of government staffs, but to permit traffic movements sponsored by governments in fulfilment of their policies. As paragraph 5 of the Canadian memorandum points out, the carriage of migrants by air is of great importance to the realisation of the policy of the Canadian Government. It is also clear by implication, from resolution 128 (JT 123 (2) (045)), mentioned in paragraph 5 of the Canadian memorandum, that migrants sponsored by governments are regarded by IATA as falling into a special category to which standard fares need not apply. Accordingly, the United Kingdom Government consider that there is conclusive evidence in support of their view; but, to avoid embarrassment to the Canadian Government, they are prepared unilaterally to issue a directive to BOAC. A similar directive is already in force, by agreement with the New Zealand Government, for the carriage of migrant traffic to New Zealand.

7. Turning to the Canadian proposal to invoke resolution 128 (JT 123 (2) (045)), the United Kingdom civil aviation authorities, for their part, consider that this resolution, in terms, applies only to charter (non-scheduled) operations. For reasons explained in paragraphs 3 and 4, this resolution would not be appropriate to scheduled operations on an agency basis unless the Government of Canada accepts the view that migrant traffic may be excepted from the standard fare requirement. It is appreciated that this resolution includes a proviso relating to government-sponsored migration movement, but, apart from the fact that an IATA resolution cannot override the legislation and policies of governments relating to the classification of scheduled and non-scheduled services, it is the opinion of the United Kingdom civil aviation authorities that the proviso carries two clear implications, namely:

(i) Support for the United Kingdom interpretation of resolution 200 that government-sponsored immigrant traffic may be excluded from the application of standard IATA fares, and

(ii) that migrants, but for this proviso, are regarded as members of the public reserved by United Kingdom and Canadian policies to the scheduled airlines.

8. Nevertheless the United Kingdom Government, in the conviction that resolution 200, in terms, and resolution 128 (JT 123 (2) (045)), by implication, permit the carriage of government-sponsored migrant traffic at sub-standard fares, would agree that there should be recourse to resolution 128 for the placing of agency contracts with foreign airlines, provided the Canadian Government is prepared to accept a United Kingdom directive under resolution 200. This is not intended as a conditional agreement but as a corollary of the United Kingdom view that both resolutions are equally valid, or invalid, if migrant traffic reserved to the schedule airlines is to be carried at sub-standard fares.

9. So far as the BOAC contribution is concerned, the corporation point out that they would not be able to make any significant contribution, apart from fill-up space, at fares below £80. It is their considered view that a charter operation con-

fined to one-way migrant traffic, offering no return loads and no rights to carry other traffic, cannot be economically carried out at a rate of £48 a passenger, which is the rate suggested by the Canadian Government, after deduction of commission.

10. To sum up, the United Kingdom would be willing to accept the proposal of the Canadian Government to engage third parties to carry migrant traffic from the United Kingdom to Canada beyond the capacity of TCA and BOAC on the following basis:

(a) The recognition of the prior claims of TCA and BOAC to this traffic which is reserved by United Kingdom law to the scheduled operator.

(b) In so far as TCA and BOAC are unable to carry this traffic, contracts with third parties at sub-standard fares to be placed jointly by TCA and BOAC, as agency contracts, subject to the following reservations:

(i) Only certified migrant traffic to be carried.

(ii) No return loads from North America to the United Kingdom, either of passengers or freight, to be carried. Any infringement of either (i) or (ii) to render the operator concerned liable to immediate determination of the contract.

(c) The Canadian Government to agree that the United Kingdom Government may issue a directive to BOAC under resolution 200 for the carriage of fill-up traffic at a minimum fare of £55.

11. This solution is put forward in the belief that it will enable the Canadian and United Kingdom Governments to cooperate effectively in expediting the movement of migrant traffic, within the framework of the United Kingdom-Canada bilateral agreement, United Kingdom law governing the classification of this traffic, and the requirements of the IATA. If the Government of Canada are able to accept these proposals, it is suggested that detailed arrangements should be made directly between TCA and BOAC. Memorandum ends.

640.

DEA/72-AMX-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 2400

London, September 25, 1951

CONFIDENTIAL

IATA — SPECIAL FARE PROPOSAL

Following for Minister of Transport and Moran from Baldwin, Begins: Learned from Cribbet yesterday that in his discussion with Hildred of IATA latter unwilling commit himself for early United Kingdom special fare proposal without formal reference IATA. This in itself indication that proposal likely to be difficult one for IATA. In circumstances, after discussion with Mr. Howe, I have today spoken to Cribbett along following lines:

(i) United Kingdom proposal to establish special £55 immigrant fare for fill-up use on regular services must, in the opinion of Canadian authorities, be referred to IATA for indication of whether IATA approves such an arrangement under the terms of resolution 200. If the United Kingdom authorities prefer to have the Canadian authorities make this reference as a result of notice from United Kingdom there may be no objection to this since this is the course which would be recommended by the Canadian authorities in any event if the United Kingdom were to give notice of proceeding unilaterally.

(ii) Since regardless of the outcome of the foregoing scheme, additional schemes will be required, it remains the desire of the Canadian authorities to proceed at once with arrangements for charter of aircraft from other carriers.

(iii) Canadian arrangements with TCA contemplate TCA employment of other carriers at a charter rate which would allow immigrants to be moved at £55 or possibly £65 per head, exclusive of commission and TCA is prepared to offer BOAC first call on any such charter flights. If, however, BOAC cannot offer flights at this rate, we would be prepared to suggest that Canadian Immigration authorities make a direct arrangement with BOAC at whatever higher rate BOAC can offer charter flights on understanding BOAC responsibility to find immigrants prepared to pay the necessary higher rate.

(iv) Foregoing would be put forward to the Canadian Immigration authorities on the understanding that at the same time, TCA would be allowed to proceed as agent of Canadian Government in charter of aircraft from other carriers at rate approved by Canadian Government and that United Kingdom Government would not object to such flights being made under TCA agency.

(v) If foregoing programme is not acceptable and charter flights may not proceed on this basis or are to be held up until after decision obtained from IATA on United Kingdom special rate proposal, Canadian authorities require early word to this effect so that arrangements may be made for movement of immigrants from points outside United Kingdom.

2. On basis of foregoing, if United Kingdom willing to go along they will probably have BOAC get in touch TCA and/or Canadian Immigration. I have made it clear foregoing suggestions only tentative and require consideration in Ottawa. Suggest meanwhile Fortier and Vachon, Air Transport Board, might wish consider implications foregoing with External, both as regards arrangements with BOAC if United Kingdom willing cooperate and as regards alternative arrangements, e.g. Shannon failing this. Suggest inform TCA also. Ends.

641. DEA/72-AMX-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 2007 Ottawa, November 9, 1951

CONFIDENTIAL

Your teletype No. 2698.†
Following for Tudhope from Baldwin, Begins: Following Mr. Howe's return we reported to Immigration that we understood U.K. would refer special £55 fill-up rate proposal to IATA and that T.C.A. would not oppose U.K. reference, it being understood we would accept any IATA decision in this regard. Also suggested that Immigration consider feasibility of charters from BOAC at a figure equivalent to £75 or £80 per head since BOAC felt immigrants available at this figure.

2. Subsequently, Granville of BOAC came out to discuss problem with Immigration. Immigration expressed view that difficult to contemplate charges at this higher figure or in fact any figure higher than the equivalent of £65 per head in view of cost factor, possible effect on other lower potential charter rates, and fact that shipping likely to be available at these higher figures. BOAC when urged to see what charters could be provided at lower figure of up to £65 indicated little could be done on this basis but suggested it could add one regular scheduled flight eastbound per week with plane to be used for immigrant charters westbound at this lower rate but that any other charters at rate acceptable to Immigration could only be provided if an eastbound load made available, for example, on Canadian government military transport work or during the peak period next spring when regular scheduled volume eastbound higher than westbound.

3. BOAC also indicated now unwilling to refer fill-up rate proposal to IATA on grounds difficulty and delay would ensue and action would be prejudicial to BOAC previous action in using fill-up rate elsewhere to New Zealand without consulting IATA.

4. BOAC also indicated would oppose any T.C.A. attempt to charter other foreign carriers for immigrants out of the U.K. In the circumstances Immigration is planning high level approach to U.K. government (presumably through Canada House) to request permission for T.C.A. to charter other foreign carriers for immigrant charter flights. Ends.

642. DEA/72-AMX-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 2025 Ottawa, November 10, 1951

CONFIDENTIAL

CARRIAGE OF IMMIGRANTS BY AIR

Following for Wilgress from Heeney, Begins: Negotiations with the United Kingdom on this subject have bogged down. We have had to reject their counter-proposals (your Telegram No. 2336 of September 14th) and no compromise has been found. Please see our Telegram No. 2007 of November 9th from Baldwin to Tudhope.

2. Meanwhile, the problem has become more serious. There are increasing numbers of immigrants awaiting transport, many of them the families of immigrants now in Canada. TCA and ocean shipping are booked up for months ahead. In view of the situation Cabinet has authorized Immigration to charter aircraft through TCA to move the immigrants and has directed that a formal request be made to the United Kingdom Government to grant for aircraft under charter to TCA landing rights and rights to pick up immigrant traffic for Canada.

3. Please make this request at once, emphasizing the urgent need for additional transportation and the strong interest of the Canadian Government in providing transport for as many as possible of the waiting immigrants before the end of the year. Ends.

643. DEA/72-AMX-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 2864 London, December 1, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 2025 of November 10.

CARRIAGE OF IMMIGRANTS BY AIR

1. We have now received from Lord Ismay the reply to my letter of November 12† based on your telegram under reference.

2. The following is the text of Lord Ismay's letter, Begins:

"You wrote to me on November 12 formally requesting that aircraft chartered by the Canadian Department of Immigration through Trans-Canada Airlines for the carriage of immigrants to Canada should be allowed to exercise landing rights and the right to pick up immigrants in this country.

We are, of course, most anxious to cooperate with your government in facilitating the movement of immigrants from the United Kingdom to Canada, and, in consultation with the Ministry of Civil Aviation, have given sympathetic consideration to your request. We appreciate the need for urgency in moving the large numbers of immigrants at present awaiting transportation, many of whom are the families of men who have already settled in Canada. We are willing to grant rights in this country to aircraft chartered by your Department of Immigration to carry these immigrants, subject to certain conditions which are set out below and on the understanding that BOAC is permitted to carry a reasonable share of the traffic.

To make it possible for BOAC to participate in the carriage of immigrants to Canada, on a basis which we believe will be acceptable to the Canadian Government, it is proposed to place a charter contract with BOAC for the use of a stratocruiser equipped to carry 70 immigrants at a frequency of approximately one flight per week. This contract will be governed by the provisions of IATA resolution 128 (JT123(2)(045)) governing charter operations. Emigrants would be offered passages at a fare of £80.

The conditions under which we are prepared to grant rights in this country to charter operators engaged by your department of immigration are as follows:

(i) The terms of any contract made between TCA and the operator of a third country to be subject to agreement (not to be unreasonably withheld) by BOAC and the operator selected to be approved by the United Kingdom Government.

(ii) Only certified migrant traffic originating in this country for Canada to be carried by the agent operators of TCA.

(iii) No other traffic (passengers mails or cargo) originating at or destined for points in United Kingdom territory to be carried.

(iv) Any infringements of conditions (ii) and (iii) above to render the operator concerned liable to immediate determination of the contract.

These conditions do not go beyond those summarised in paragraph 10 of the memorandum sent to you by Lord Lucan on September 14, which I understand were discussed last September in London with Mr. Baldwin, Chairman of the Canadian Air Transport Board, and accepted by him as reasonable. They are, of course, designed solely to prevent any encroachment by foreign charter operators on the rights reserved under the United Kingdom/Canada Bilateral Agreement to the scheduled airlines of our two countries and to ensure compliance with United Kingdom standards of safety". Ends.

644. DEA/72-AMX-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 2236 Ottawa, December 14, 1951

CONFIDENTIAL. IMPORTANT.

Your 2864 of December 1st — Carriage of immigrants by air.

Are we to understand from paragraph 3 of Lord Ismay's letter that the United Kingdom Government will enter into a charter contract with B.O.A.C. for one flight a week charging £80 per immigrant, independently of any other charter arrangement the Canadian Government may make with other air carriers?

2. If the United Kingdom Government expects the Canadian Government to charter flights from B.O.A.C. at a price which would not permit us to charge the immigrants less than £80 per adult immigrant passenger, it would not be possible to reach any agreement with B.O.A.C. This was thoroughly discussed with officials of B.O.A.C. this autumn. The cost of charter must be sufficiently low to permit a charge of no more that £65 per adult immigrant passenger and half the fare for children below twelve years of age. From experience we can expect that on the average flight 20% of the passengers will be children paying only half fare.

3. Would you please explain to the United Kingdom authorities that if a charge of £80 per immigrant is made, we would be chartering aircraft which would not carry their full load and such an arrangement would be uneconomical and, therefore, unacceptable. We believe that it would be possible to charter sufficient aircraft at a cost which would permit us to fix the adult fare at £65, a price attractive to immigrants.

4. Please ascertain if pick-up rights would be granted by the United Kingdom Government to aircraft chartered by the Canadian Government, even though B.O.A.C. can not, for one reason or another, reduce its present proposed charter rate.

5. We must know definitely whether or not pick-up rights will be granted with or without B.O.A.C.'s participation in the scheme. It is most important to have the final decision of the United Kingdom authorities as we must plan our 1952 immigration programme. We will not have, in 1952, sufficient air or sea transportation to carry immigrants from the British Isles, who have been processed or who have signified their intention of emigrating to Canada. In order to proceed with our defence programme we have to recruit some technicians in the United Kingdom, and there is no use doing this unless satisfactory transportation arrangements can be made.

645. DEA/72-AMX-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 3049 London, December 24, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 2236 of December 14.

CARRIAGE OF IMMIGRANTS

Points raised in your telegram have been discussed with Commonwealth Relations and Civil Aviation who say we have not correctly understood letter dated November 30 from the Secretary of State for Commonwealth Relations and that the intention of the letter requires to be re-stated. It is as follows.

QUOTE.

1. The United Kingdom Government remain of the view that, whatever arrangements are made by the Canadian authorities for the carriage of migrants by air from the United Kingdom to Canada, BOAC ought not to be excluded from any opportunity of engaging in the carriage of migrants to Canada at reduced rates. Accordingly as an alternative to a charter contract between the Canadian authorities and BOAC for the carriage of immigrants to Canada, the United Kingdom Government would propose to place a contract on its own account with BOAC for the operation of an approximately once-weekly charter service between the United Kingdom and Canada. This arrangement would be additional to and distinct from any charter arrangements the Canadian Government may make with other operators for the carriage of immigrants at a lower fare than that offered by BOAC.

2. Provided the Canadian Government has no objection to the above proposal the United Kingdom Government is prepared forthwith to grant landing and pick-up rights in this country to aircraft chartered by the Canadian Government for the carriage of migrants, subject to the conditions set out in paragraph 4 of Lord Ismay's letter of November 30, 1951. It is desired that the acceptance of these conditions should be confirmed. UNQUOTE.[72]

[72] Confirmé par le télégramme N° 168, le secrétaire d'État aux Affaires extérieures au haut-commissaire au Royaume-Uni, le 19 janvier 1952.
Confirmed in Secretary of State for External Affairs to High Commissioner in United Kingdom, Telegram No. 168, January 19, 1952.

SECTION D

ANTILLES
WEST INDIES

SUBDIVISION I/SUB-SECTION I

RÉGIME D'IMPORTATION EN QUANTITÉS COMMERCIALES MINIMES
TOKEN IMPORT SCHEME

646. PCO

Procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], June 28, 1951

A meeting of the Interdepartmental Committee on External Trade Policy was held on Wednesday, June 27, 1951, at 3:15 p.m. in the Privy Council Committee Room.

Present:
Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. J.G. Taggart, Deputy Minister of Agriculture,
Mr. W.F. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board,
Mr. David Sim, Deputy Minister of National Revenue,
Mr. K.W. Taylor, Assistant Deputy Minister of Finance,
Mr. A.F.W. Plumptre, Department of External Affairs.
Mr. R.G. Robertson, Privy Council Office, (Secretary).

Also present:
Mr. J.J. Deutsch, Department of Finance,
Mr. T.G. Major, Canadian Trade Commissioner, Trinidad, etc.
Mr. C.M. Isbister, Department of Trade and Commerce.

TRADE DISCUSSIONS WITH REPRESENTATIVES OF THE WEST INDIES

1. *The Deputy Minister of Trade and Commerce* said that a delegation would be arriving late that day to begin discussions the following day on Canada-West Indies trade. The delegation would consist of the following:

Hon. W.A. Bustamante,
Minister of Communications and Leader of the House of Representatives, Jamaica.
Hon. A. Gomes,
Minister of Labour, Industry & Commerce, Trinidad.
Mr. G.H. Adams,
Leader of the House of Assembly, Barbados.
Hon. W.A. Raatgever,
Member of the Executive Council, and also
Member of the Legislative Council, British Guiana.
Mr. H.E. Robinson,
representing British West Indies Sugar Association, and also

a Member of the Executive Council.
Mr. H.A. Youngman,
representing Incorporated Chambers of Commerce.
Mr. MacCowan,
Secretary of the Sugar Association.
Mr. R. Newton,
Financial Secretary, Jamaica, as adviser to delegates from Jamaica.
Miss Longbrilge,
Secretary to Mr. Bustamante.

It was not entirely clear just what the delegation would wish to discuss. There had originally been a proposal that the delegation should come direct to Canada, in part to voice protests over the sugar arrangement entered into with Cuba.[73] The United Kingdom had persuaded the delegation to go first to London and their visit here was en route from the United Kingdom. It was known that the British West Indies did not like the discussion of trade liberalization that had taken place in the U.K.-Canada Continuing Committee without West Indies representation.[74] It was quite possible that, after the discussion in London, the West Indies group would now attempt to sell all over again the relaxations for which there had been negotiation in the Continuing Committee. They could be expected to be particularly concerned about sugar and bananas. The preference margins which the West Indies enjoyed on molasses, sugar and cocoa beans had been reduced with the reduction in M.F.N. rates. They would undoubtedly try to have the former margins restored.

2. *Mr. Major* said that the 1925-26 Trade Agreement[75] had operated very favourably for the British West Indies and they would undoubtedly like to see their position under it reestablished. Under the Agreement, Canadian sales to the British West Indies before the war had amounted to over $80 million per year. Last year this had fallen to $33 million, while Canadian purchases were $67 million. The decline in Canadian exports was partly due to competition and partly to restrictions imposed against dollar imports.

3. *Mr. Isbister* said he thought it probable that a principal objective of the delegation would be to secure some commitment as to Canadian policy on sugar after the expiration of the 3-year arrangement with Cuba.

4. *Mr. Deutsch* said he thought it was essential that no commitments should be given as to what would be done three years from now. It could be made clear that the Canadian government was dissatisfied with the operation of the 1925-26 trade agreement. If trade arrangements operated successfully and satisfactorily during the next three years it might not be necessary to go further along the lines that had been adopted in the Cuban arrangement.

5. *The Chairman* said one thing was clear — that no hope should be held out to the delegation that there could be any increase in their preference margins through raising the rates against other countries. In any discussion on the probable result of satisfactory trade developments over the next three years, there should not be any suggestion that the status quo under the 1925-26 Agreement could be re-estab-

[73] Voir le document 979./See Document 979.
[74] Voir le document 615./See Document 615.
[75] Voir/See United Kingdom, *State Papers*, Volume 123, 1926 Part I, pp. 578-588.

lished. It would be a mistake to give the impression that that was a probable objective.

It seemed likely that the West Indies representatives would wish to raise questions about shipping. In that connection it would be useful to know the magnitude of the subsidies that had been given from this end. The position of T.C.A. would also be worth discussing.

So far as sugar was concerned, it seemed doubtful whether there was any way out of the present impasse except through a new general commodity agreement. The most important step would be a general revision of U.S. sugar policy. A commodity agreement of general application was clearly not a matter that could be dealt with in the present discussions but the possibility of having to come to some such solution of current problems constituted an argument against making any long-term commitments concerning Canadian policy.

6. *The Committee*, after further discussion, agreed that the delegation from the British West Indies be met by members of the Committee on External Trade Policy under the Chairmanship of the Deputy Minister of Trade and Commerce to discuss such matters as might be raised, regard to be had in the discussions to the points developed in the course of the Committee's discussion.

647. DEA/10523-40

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-2501 Ottawa, July 3, 1951

CANADA-B.W.I. TRADE TALKS

A B.W.I. mission was in Ottawa from June 27th to 29th. It was initiated by the new Regional Economic Committee of the B.W.I. which agreed, at its first meeting, that it was urgently necessary to look into the apparent deterioration of Canada - B.W.I. trade relations and that, for this purpose, a delegation should visit first London and then Canada.

2. A list of the B.W.I. delegation and the Canadian officials who have met with them is attached.† They were welcomed by Mr. Abbott at the first meeting and had talks with the Prime Minister, Mr. Howe, Mr. Mayhew, other Ministers, Members of Parliament, and others. They also met with representatives of various Canadian fishery associations. Mr. Howe gave a luncheon, the British Commonwealth Parliamentary Association gave a tea, and Sir Alexander Clutterbuck gave a cocktail party. In Montreal, the Canadian Exporters Association are giving a banquet.

3. It is not surprising that the members of the delegation are leaving with favourable and friendly feelings about Canada! In his final talk the leader (Mr. Gomes) paid warm and obviously sincere tributes to the officials with whom they had talked and especially to Mr. Bull who was in charge of all arrangements.

4. A large number of matters were discussed. Easily the most important were:

(i) *Canadian Imports of Non-Empire Sugar*

The B.W.I. delegation said that the Canadian decision at Torquay to bulk purchase 75,000 tons a year of raw sugar from Cuba and a similar amount from other non-Empire sources was regarded as a very serious blow in the B.W.I. which had relied on the continuity of their market for sugar in Canada under the tariff preference.

Mr. McKinnon and Mr. Deutsch gave a very frank explanation of the reasons which had led Canada to make this arrangement with Cuba. Basically it resulted from growing criticism in certain quarters in Canada which was directed at the whole of the Canada-West Indies Trade Agreement of 1926, and particularly at the sugar preference, in view of the fact that Canadian exports to B.W.I. had been so curtailed by import restrictions and other measures. The Cubans had started by demanding complete abolition of our preference on sugar and had offered to reduce their own preferences in a way which would facilitate Canadian sales of fish, potatoes, and other products which the B.W.I. were restricting. Canada had resisted Cuban pressure most tenaciously. The bulk purchase arrangement was the least that we could get away with without precipitating a trade war with Cuba.

The B.W.I. group tried to obtain some undertaking that when the present arrangement with Cuba ran out in three years' time there would be a reversion to the original position. Canadian representatives emphasized that decisions taken in three years' time would depend on the position of trade at that time and developments in the meantime.

(ii) *General Liberalization of B.W.I. Imports from Canada*

Both the Canadian and B.W.I. representatives were anxious to increase the amount of Canadian exports to B.W.I. although both recognized the limitations imposed by the supplies of dollars available to the sterling area.

The existing token import scheme was reviewed. The Canadian group explained that we would prefer to see liberalization moved forward with the following priorities:

(a) Addition of new items to the list of token imports.

(b) The transfer of certain basic items, such as fish and flour, from the token import scheme to open general licenses into the West Indies.

(c) An increase from 30 to 40 per cent of base period in the quotas under the token import scheme.

There was a general measure of agreement between the two groups but the following points emerged. In the first place the B.W.I. would apparently give a rather higher priority to (c) above. In the second place they suggested that the transfer of goods from a quota arrangement under (a) or (c) to a freer competitive arrangement under (b) might not be in Canadian interests; as long as there was some sort of token import scheme for Canadian goods, Canadian exporters could feel assured of their markets in the B.W.I. The Canadian delegation vigorously disclaimed any desire for special protection in the West Indies markets. The Canadian policy was

to press for the reduction and relaxation of sterling area import controls, and not for their indefinite extension.

The liberalization scheme had of course been discussed in Ottawa last month at the meeting of the Canada-United Kingdom Continuing Committee and also during the past fortnight when the B.W.I. delegation were in London. Unfortunately the United Kingdom officials do not seem to have left a very favourable impression on the B.W.I. group. However, there does not seem to be any very wide difference of view between the B.W.I. group, the United Kingdom official attitude, and our own attitude, and it seems likely that some substantial new measure of trade liberalization will be put into effect by the end of this year, if not sooner.

(iii) *B.W.I. Exports of Bananas to Canada*

Here again the B.W.I. questioned a Canadian action at Torquay. The Canadian tariff, which had formerly related to "bunches" of bananas, was now relating to their weight and this had admittedly resulted in some reduction of the Imperial preference on bananas. The Canadian side pointed out that relatively little use was being made of the preference and that the present tariff arrangements were bound for three years. Here again the action taken at the end of the three-year period would depend upon experience in the meantime.

(iv) *Canadian National Steamship Service*

The B.W.I. group strongly urged that this service should be maintained despite the deficits being borne by the Canadian Government. They had a number of particular complaints, including specific charges of inefficiency. Arrangements are being made for them to see Mr. Donald Gordon if he is in town when they visit Montreal.

H.O. MORAN
for Secretary of State
for External Affairs

DEA/10523-40

648.

Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures

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

Ottawa, July 25, 1951

Yesterday I attended a meeting called by Fred Bull to meet representatives of the Canadian National Railways on the subject of the shipping provisions of our 1925 Trade Treaty with the British West Indies. Present were Bull and other representatives of his Department, Beattie from the Bank of Canada, Hector McKinnon, our Trade Commissioner in the B.W.I., Lessard of Transport, Donald Gordon and two of his officials from Montreal.

2. The purpose of this meeting, which was quite inconclusive, was to give Donald Gordon the opportunity to lay before our officials the fact that Canadian National

Steamships must shortly make a decision on the question of renovation or replacement of their steamships in the B.W.I. service. You may remember that the 1925 Trade Treaty contains requirements for the provision of steamship service by Canada and the payment of subsidies by the Colonies; at the time the Treaty was negotiated this service was a quid pro quo for certain tariff concessions.

3. The position of Canadian National Steamships is that they cannot continue to operate their passenger steamers, mainly consisting of the two "Lady" ships because these ships are obsolescent, were run very hard during the war years and are now inefficient almost to the point where safety is questionable.

4. The point upon which Gordon needs advice is: will it be government policy to continue this uneconomical service, quite heavy deficits and consequent Canadian government subsidies in return for tariff concessions which have largely been rendered nugatory through import controls or will we extricate ourselves through renegotiation of the treaty and abandon this service to the two competitors of CNS, ALCOA and Saguenay Terminals? The past deficits of C.N.S. would be insignificant in comparison to those arising from the fixed charges for a fleet replaced at current costs.

5. The principal factor in the 1925 Treaty was sugar for which we guaranteed a preference to the West Indies. Our recent bulk purchase of sugar from Cuba has caused apprehension in the B.W.I. and it may be said that the prospects of securing liberalization of import controls against our exports to that area are helped by the pressure which the B.W.I. must be exerting on the British Government in the face of their traditional market for sugar slipping away from them. In the light of this it was the opinion of the meeting that it is in our interest to pursue delaying tactics in the matter of shipping services for a year or so by which time West Indian pressure on the British may have achieved some liberalization of import controls against our exports. Our position in the Caribbean is very favourable at present; the sugar purchase from Cuba has kindled amicable sentiments in that country and in the West Indies the bitterness engendered by the purchase has been wholly directed towards the British. There is, I gather, a lively spirit of friendliness to Canada throughout the Islands. It may well be that to precipitate the shipping issue at this time would be to overplay our hand and to give the U.K. a welcome opportunity to deflect some of the criticism they are getting towards Canada.

6. Gordon wanted to know whether there would be any objection in Ottawa to C.N.S. participating in a shipping meeting called by B.W.I. authorities and if Canadian Government officials might join in such discussions. The opinion of the meeting was that officials should not participate but that there seemed to be little objection to C.N.S. engaging in them although we did not see how the talks could be very conclusive because of the close interrelation between shipping and trade policy.

7. Gordon mentioned to me after the meeting that a U.K. shipping company had been enquiring into the possibility of undertaking management of the Service under the more liberal union regulations obtaining in the U.K. If this could be done and subsidies eliminated with the Service remaining under the Canadian flag it would seem to be an ideal solution.

8. The C.N.S. have made an analysis of recent trade with the West Indies and propose consulting the research people in the Department of Trade and Commerce about it. I do not think anything is required by this Department at present but we shall keep an eye on any developments.

A.S. G[RIFFIN]

SUBDIVISION II/SUB-SECTION II

IMMIGRATION

649. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], December 20, 1951

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IMMIGRATION FROM THE BRITISH WEST INDIES

16. *The Minister of Citizenship and Immigration* reported that, under the provisions which had been in effect for a number of years and which were now contained in Order in Council P.C. 2743 of June 2nd, 1949, negroes from the British West Indies were not admissible to Canada. This result was brought about indirectly under the provisions of the Order in Council. By special arrangements a few were allowed to remain in Canada, from time to time, after arrival here for school attendance or other purposes. Admissions had never exceeded 125 - 150 in any year. 97 had been admitted so far in 1951. Negroes from the United States were admissible as U.S. citizens. There had been representations by organizations in Canada about the discrimination against negroes from the West Indies and consideration was being given to the desirability of making some new provision. One approach might be to make the same categories of relatives of Canadian citizens admissible as were now admissible in the case of Asiatics. In addition, there could be a quota for married children of Canadian citizens — possibly about 50 per year — and a further quota of about the same size for non-relatives. By this means movement might be kept down to less than 200 per year. If restrictions were removed there would be a much greater influx. There were indications that resentment over the present position was increasing in the West Indies.

17. *The Secretary of State for External Affairs* suggested that the situation would not be improved if it became known that there was a "black" quota. On the other hand, it would not be possible to operate such a system with any advantage over the present position if the existence of a quota were to be kept confidential. If a quota were to be established it would seem preferable to have it cover all immigrants from the West Indies and not simply negroes.

18. *The Minister of Trade and Commerce* suggested that the best course would be to continue the present policy as long as possible and to take care of individual cases that deserved consideration by means of special arrangements.

19. *The Cabinet*, after discussion, noted the report of the Minister of Citizenship and Immigration and agreed that, for the time being, no modification be made in the provisions relating to immigration from the British West Indies to Canada.

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CHAPITRE VII/CHAPTER VII
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
ACQUISITION DE MATÉRIEL MILITAIRE
PROCUREMENT OF MILITARY EQUIPMENT

650. DEA/50213-40

Note

Memorandum

CONFIDENTIAL [n.d.]

NOTES ON MILITARY PROCUREMENT IN THE UNITED STATES FOR THE USE OF THE CANADIAN SECTION OF THE PERMANENT JOINT BOARD ON DEFENCE

In the Statement of Principles for Economic Cooperation signed by Canada and the United States in October, 1950, the two governments agreed to coordinate the economic efforts of their two countries for the common defense.[1] It was also agreed that the optimum use should be made of the resources and facilities of both countries. As this is the principle that should govern military procurement both in Canada and the United States, it is felt that it should form the background for any discussion on military procurement problems.

In May, 1950, the United States agreed to develop a program for reciprocal purchasing of military equipment in Canada up to $25 million for the fiscal year ending June 30, 1951 and this objective was later increased to $100 million.[2] On the accompanying table† (see Table 1) it will be noted that U.S. military purchases reached $84 million, which was not far off the American objective. Expenditures on radar, amounting to almost 40 million, formed a large part of this total, while 3 inch 50 calibre twin mounts accounted for another $23.6 million. An order for Arctic huts amounted to $5.3 million. In the ammunition and explosives field, U.S. purchases of picrite and practice bombs were around $3 million in each case.

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[1] Voir/See Volume 16, Documents 775-795.
[2] Voir/See Volume 16, Documents 771 and 778.

Canada, on the other hand, put no ceiling on military procurement in the United States, and in the same period our purchases totalled $316 million (see Table 2).† The main reason for this heavy volume of purchases was the Canadian Government's decision to standardize of U.S.-type equipment and in the beginning, a large part of this has to be bought in the United States. Equipment for two Army Divisions accounted for $110 million at the end of June, 1951, while another $130 million went into the F-86 aircraft program. Orders for Beechcraft came to $14 million and for A.A. fire control (T.33) amounted to $12.5 million. Provided our defence program continues as presently planned, it is not expected that this high rate of purchasing will be maintained indefinitely. Once the initial equipment with U.S.-types is completed and as we get into production in this country, expenditures of this kind should level off.

In considering the imbalance in procurement between Canada and the United States, as shown in the accompanying tables, there are certain factors to be taken into consideration. These figures show only orders placed by the two governments. Not included in the Canadian figures are orders placed in the United States by private firms that have defence contracts from the Canadian Government. Nor do the figures show any of the Canadian orders placed through agents in Canada of U.S. firms. While the degree of under-statement of Canadian defence orders in the United States cannot be estimated, it is no doubt of substantial proportions.

The U.S. figures, on the other hand, are based on the records of the Canadian Commercial Corporation, which has acted and continues to act as the procurement agency for the U.S. Armed Services in Canada. As the Americans point out, these figures do not reflect heavy U.S. expenditures in Canada on basic raw materials such as copper, nickel, lead, etc.

As was to be expected when starting a new arrangement, some operational difficulties were encountered during the first year of reciprocal defence procurement. These difficulties have been somewhat greater in the case of Canadian firms obtaining sub-contracts from U.S. prime contractors than has been the case in direct government orders. However, one case in which the Canadian government has had some trouble was in connection with orders that involved obtaining permission to manufacture U.S.-type equipment in this country. This permission from U.S. patent holders and from U.S. authorities to make certain U.S. types of war stores was, in some cases, somewhat slow in being granted. Once manufacturing rights were cleared, there was on occasion further delay in obtaining drawings, specifications and production data. In this instance the problem was largely a mechanical one, due to the bulk and number of these items, making it difficult, for example, to gather together the several hundreds of drawings sometimes required for one contract. This situation was, however, called to the attention of the U.S. Secretary of State by the Canadian Minister of Defence Production. Since then, great improvement has been noted, although detailed information needed in the production of a number of items is still lacking.

Another problem has been that of customs duties on defence articles. This is a problem which has affected the sub-contract picture, as direct procurement by the U.S. government is allowed to enter the United States duty free. Emergency

purchases of war material, if imported in the name of the one of the three Secretaries of the Armed Services or of a few other government agencies, can enter on a Duty Free Entry Permit. All other imports of military items into the United States are subject to duty at full value of the finished article and *not* at the value of the imported component (i.e. the value added in Canada). This has tended to discourage the letting of sub-contracts outside the United States. In Canada, all imports of war materials are subject to full duty.

Discussion on the subject of customs relaxation has taken place between officials of the two countries. Last April, Canadian officials advised the Chairman of the U.S. Munitions Board that they were prepared to recommend to the Canadian Government proposals for reciprocal free entry into the two countries of certain military end items, provided the ultimate purchaser was the Government of the United States or the Government of Canada. The suggested list was the first seven items of the U.S. list of D.O. priority ratings, viz., aircraft, guided missiles, ships, tanks and military vehicles, weapons, ammunition, and military communication equipment. The Americans indicated general agreement with the broad conclusions arrived at in Ottawa but nothing decisive has been done to date, although it is understood that the Americans are working on the problem. In a recent meeting in Washington, it was stated that an enabling amendment to the existing legislation was being drafted. It is understood that any steps toward the elimination of duty would have to be reciprocal.

Canadian firms trying to secure sub-contracts in the United States have also experienced some difficulties under the "Buy American" Act. Under this Act, all government purchases of supplies for public use in the United States, its possessions and territories, have to be made in the domestic market. There are, however, certain exceptions to the Act, which permit purchases abroad if it is inconsistent with the public interest to buy in the domestic market; if it would unnecessarily increase the cost to do so; or if the materials are not available in the United States. In such cases the Secretaries of the Departments concerned have to grant the exception. In the operation of the reciprocal purchasing program, this procedure has been found to be somewhat cumbersome and efforts are being made to have the Secretaries' authority delegated down to local procurement officers. So far this has only been done in the case of the Air Force, where the authority has been delegated to Wright Field. It has also been found that there is lack of understanding on the part of local procurement officers as to the procedure involved in applying for exemption under the "Buy American" Act and an unwillingness to consider the placing of sub-contracts in Canada. Efforts are being made in the Washington office of the Department of Defence Production to deal with this problem and to secure more definite instructions with regard to U.S. military procurement in this country.

The outlook for reciprocal military purchasing in the coming fiscal year is, on the whole, more promising. General Marshall announced recently the authorization of up to $300 million in purchases of military supplies in Canada during the present fiscal year. Under a directive issued on June 29th by the Acting Secretary of Defense, waivers of the restrictive features of the "Buy American" Act will be granted up to $100 million for each of the three Armed Services. Another important step is the decision to reactivate and expand the Joint Industrial Mobilization

Committee. It is hoped that through closer personal contacts of sub committees at the working level many of the difficulties experienced in the first year of operation will be ironed out and that defence orders placed in Canada will be increased.

SECTION B

RÉSEAU D'ÉCRANS DE RADAR
RADAR DEFENCE SYSTEM

651. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], January 24, 1951

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DEFENCE PROGRAMME; REPORT FROM CABINET DEFENCE COMMITTEE

(a) *Extension of the Aircraft Control and Warning System in Canada*

47. *The Minister of National Defence* reported that a proposed extension of the aircraft control and warning (A.C.W.) system in Canada was included in the new defence programme. This required separate consideration as it involved collaboration with the U.S. Air Force in operating a large project on Canadian soil.

Under North Atlantic Treaty arrangements, Canada and the United States had the task of defending their region and the concept developed for such defence was that areas containing the essential elements of North American war-making capacity should be protected. For this purpose, it was essential to have an A.C.W. system which could detect enemy bombers, disseminate warnings and control interceptor aircraft.

In view of the serious international situation, the U.S.A.F. had suggested extension of the authorized Canadian A.C.W. programme of nine stations in the Montreal-Ottawa-Toronto and Canadian Pacific Coast areas. The R.C.A.F. and the U.S.A.F., jointly, had prepared a plan for establishment of a larger integrated network in Canada by July, 1952, and the Permanent Joint Board on Defence had discussed a possible formula for U.S. collaboration in the network, which would operate in conjunction with the A.C.W. system in the United States.

Under the plan, there would be additional stations in the two Canadian areas mentioned, and also stations in the Lower St. Lawrence-Southern Labrador-Newfoundland, Northern Labrador, and Northern Ontario-Manitoba areas, bringing the number of stations in Canada to 31 (with an additional U.S. station in Greenland).

The formula discussed by the P.J.B.D. provided that each country would pay one-half the capital cost of 19 stations — including the 9 authorized — and that the United States would pay the capital cost of the remaining 12. This would mean an outlay for Canada of some $45 million, plus that for any necessary Canadian married quarters, which was no more than the unshared cost of the 9 stations originally

planned. The total capital cost to the United States (including the Greenland station) would be about $114 million. Canada would pay one-third — about $12.5 million — and the United States two-thirds of the recurring costs of the 27 stations and the U.S.A.F. would be responsible for the recurring costs of the 4 stations in Northern Labrador. Owing to manpower difficulties, the R.C.A.F. could man initially only 13 stations, requiring about 2400 officers and men — or 960 more than the 9 authorized stations. The remaining 18 stations, which would not be near main centres, would be manned by some 2300 Americans, although Canada would reserve the right to man any of these without prejudice to the U.S. financial contributions.

The Canadian government would have title to land and immoveable property at the 31 stations and the United States could dispose of its share of moveables when they were no longer required. As much as possible of the equipment for the stations would be bought in Canada, where it was thought a substantial part of the electronic equipment could be produced. Canadian contractors, through Defence Construction Corporation, would build as many as possible of the stations, although the U.S.A.F. would construct the stations in Northern Labrador (and Greenland). Any U.S. civilian contractors employed on the network would use Canadian labour and materials as much as possible and would be subject to normal employment and taxation practices.

Cabinet Defence Committee had recommended acceptance in principle of these proposals so as to permit the Canadian section of the P.J.B.D. to participate in a Board recommendation to the two governments along these lines.

An explanatory memorandum was circulated.

(Minister's memorandum, Jan. 22, 1951 — Cab. Doc. D-271)†

The United States would consider its contributions to the project as measures of self-defence and not mutual aid to Canada. The division of costs was based on the relative importance of each station to the air defence of each country. One great advantage of the project was that Canada would not bear the responsibility alone for bombers that penetrated to the United States. Unlike earlier plans for a ring of early warning and fighter stations across the North, this scheme would be practicable and effective. Tests had been carried out at the proposed sites. The project would add vital depth to the extensive system being developed in the United States. While a system of only 31 stations could not be one hundred per cent effective, it would add greatly to the efficiency of North American defences and the equipment contemplated was likely to be the best procurable for some years. It might be desirable to make some additions to the network at a later date. A radar network had been the basis of the defence of Britain during the war. The top U.S. defence authorities attached the greatest urgency to construction of the network.

The defences of Alaska, including the A.C.W. system, were being built up. It had been considered that the most likely Soviet bomber route would be through the northeastern area of the continent but the prevailing winds would make the northwestern route attractive. The Soviets were believed to have B-29-type bombers that could make one-way raids on any part of North America but did not yet appear to have six-engine or jet bombers with long-range capabilities. Considering estimates

of Soviet stocks of atomic bombs, only one or two centres in Canada would be likely to be attacked with such bombs at this stage. If the Soviets attempted to use a Canadian Arctic station as a bomber base, warning would be received and it was expected that such a base, which would have immense supply problems, could be immobilized rapidly.

Operating in conjunction with the proposed radar network, there would be, by 1954, 9 Canadian regular fighter squadrons, and also 10 reserve squadrons which could be brought to a high level of efficiency with two or three months of intensive training. These squadrons could be used elsewhere during an emergency, if the air defence position permitted.

48. *The Prime Minister* said that experts considered the proposed network an essential warning system rather than a static defence line; that the equipment to be used was technically sound; and that there would be forces available to make use of the "early warning" provided. The formula proposed for U.S. participation in the scheme seemed reasonable. Under new legislation the U.S.A.F. was not expected to require leases.

49. *The Cabinet*, after further discussion, agreed in principle to proposals discussed by the Permanent Joint Board on Defence for the creation in Canada of a Canada-U.S. aircraft control and warning system, and agreed to the Canadian section of the Board participating in a recommendation to the two governments for the establishment and operation of this system under arrangements of the type considered by the Board on January 10th, 1951.

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652. DEA/50210-40

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

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

TOP SECRET Ottawa, April 6, 1951

PROPOSED RADAR DEFENCE SCHEME

You will recall that the proposed radar defence scheme recommended by the Permanent Joint Board on Defence and approved by the Government provides for:

(a) Construction of thirty-one stations in Canada, nine by Canada, the remainder by the United States;

(b) the manning of thirteen stations by Canada at the outset and ultimately of all stations as personnel become available (possibly we shall go slow on manning the Newfoundland stations which are primarily for the early warning of the U.S. bases there);

(c) the sharing of operational costs on the basis of two-thirds U.S., one-third Canada;

(d) the continuance of all stations except by agreement by the two Governments.

2. When the scheme was discussed by the PJBD the Canadian Section held firmly to the line that title to sites should remain in Canada. However, the U.S. Section expressed the view that some assurance of U.S. rights might have to be given to Congress in order to obtain the necessary appropriation. The clause in the Recommendation relating to these matters reads as follows:

"(a) Canada to acquire and retain title to all sites required in Canada for the system; the U.S. to be granted such rights of access, use and occupancy as may be required for its effective participation."

3. A law officer of the USAF was recently in Ottawa arranging for contracts for construction, and during his visit officials of this Department and National Defence discussed with him, at the request of the USAF, the nature of inter-governmental agreements which might be necessary for the scheme. He felt that under existing U.S. law some security of occupancy to the stations to be constructed by the U.S. would be required before the U.S. could spend funds on new construction. Two possibilities were discussed:

(a) Assured rights of occupancy by the U.S. for twenty years (the duration of the North Atlantic Treaty);

(b) indefinite rights of occupancy.

In either case the agreement would be subject to the recommendations of the Board, under which Canada would, in fact, man and take over stations as rapidly as possible. The effect in either case would be that the U.S. would still retain formal right to occupy the stations it constructed and, presumably, title to equipment, although, in fact, it would not exercise these rights. It was agreed that the USAF official would "rough out" a draft of an inter-governmental agreement which he would send to us for our comments. Attached is the draft received from the USAF official on an informal basis.† It will be observed that it provides for indefinite rights of occupancy by the U.S.

4. My disposition would be to take a firm line and refuse to agree to any formal rights of occupancy. The U.S. Defence authorities are very anxious for the construction of the radar screen, and I am inclined to think we should take advantage of this situation. If their law requires changing to meet our position it is not our problem. I should think that the principle recommended by the PJBD, that no station can be closed down by either party without the consent of the other, ought to be sufficient assurance to Congress that funds spent on the scheme will not be frittered away or be simply a gift to another country.[3]

A.D.P. H[EENEY]

[3] Note marginale :/Marginal note:
I agree L.B.P[earson]

653. DEA/50210-40

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-1593 Ottawa, April 17, 1951

SECRET

Reference Your WA-1378 of April 10.†

RE QUESTION OF PUBLICATION AND REGISTRATION OF DEFENCE AGREEMENTS WITH THE UNITED STATES, WITH PARTICULAR REFERENCE TO THE RADAR DEFENCE SYSTEM

Before discussing the general question, I will explain what has happened regarding the PJBD's Recommendation 51/1 on the radar defence system.

2. On March 9 Mr. Johnson (Assistant General Counsel, USAF) was in Ottawa and met with officials of this Department and the Judge Advocate General. He said that the USAF and the State Department thought that it was necessary and desirable to have an Exchange of Notes to confirm and supplement the Recommendation. Although we would have been content to rely on the Recommendation of the PJBD and to dispense with a formal Exchange of Notes, we suggested to Mr. Johnson that he prepare and send us informally a draft note. He has done so and we are not satisfied with some of its provisions. Enclosed for your information is a copy of Mr. Johnson's draft† and a copy of my memorandum of April 6 to the Minister explaining the objections to some of its provisions. (The Minister agreed with the memorandum). This is for your information only; we do not desire you to initiate any discussion with the State Department of Mr. Johnson's draft. In due course, when Mr. Johnson re-opens the subject in Ottawa, he will be given our views on his draft. In the alternative, it is always open to the State Department to propose a draft.

3. However, having concluded that Mr. Johnson's draft is not acceptable and having started to prepare a counter-draft, we have come squarely up against the problem of publication and registration with the United Nations. Mr. Johnson gave us to understand that the State Department had told him that the proposed Exchange of Notes would have to be registered with the United Nations. Mr. Haselton of the State Department, who was here last week, also said that registration with United Nations is contemplated.

4. It seems to us that, if the Notes are to be registered and made public, it is not desirable that they should refer to a particular Recommendation of the Board which is not being published or registered. Some parts of the Recommendation clearly must be kept secret for security reasons.

5. What we wish to know now is whether the State Department has given serious consideration to the general problem of publishing and registering U.S.-Canada

defence arrangements and has definitely concluded that publication and registration are always necessary.

6. It seems to this Department, on the official level that most of the defence arrangements entered into between our two countries are not very suitable for publication and that there is no compelling reason to register them under Article 102 of the Charter of the United Nations. In fact, there are many agreements in force which have been neither published nor registered, e.g., agreements for USAF flights and exercises. There will undoubtedly be agreements in the future which must be kept absolutely secret, e.g., the "canopy" proposal with which you are familiar.[4]

7. Our thinking with regard to the radar Recommendation is that, although we are willing to have an Exchange of Notes if the United States wants one and if its terms can be agreed, it does not necessarily follow that such an agreement should be published and registered. It would seem to us more appropriate, and also safer, to limit the publicity to a general statement that the two countries are co-operating in the construction and operation of radar stations for their joint defence.

8. If you see no objection, I should be obliged if the Embassy would have an informal talk on these general problems with a high official of the State Department. I venture to suggest a "high official" because I do not think that the views of the Canadian desk would be adequate for this purpose. When we have received your report on this talk, and your views, we will endeavour to obtain a decision from our Minister and the Minister of National Defence on the question of the kind of Exchange of Notes they would accept in the case of the radar project.

A.D.P. HEENEY

DEA/50210-40

654.

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-1049 Ottawa, May 12, 1951

SECRET. IMPORTANT.

RADAR DEFENCE AGREEMENT

At the PJBD meeting this week the U.S. Section informally tabled a draft Note which, we understand, was drafted by Johnson of the U.S.A.F. The text of this draft is given in my immediately following teletype. The U.S. Section indicated that the U.S. Government would like to have an Exchange of Notes in addition to the Recommendation. We also understand that it was the State Department's view that such Notes should be published and registered with the United Nations.

[4] Voir le document 688./See Document 688.

2. We understand that there will be meeting on Monday in State Department to discuss this matter further, and I should appreciate it if you could give Haselton, the contents of this telegram prior to their meeting.

3. As you know, the view of officials in this Department is that it is not (repeat not) necessary to have an Exchange of Notes at all. The Recommendation, when approved by both governments, has the same status as an agreement. However, if the U.S. Government were anxious to have an Exchange of Notes, we would not press our objection.

4. The second question is whether Exchanges of Notes on such matters should be published and registered with the United Nations. As you know from our telegram No. EX-1017 of May 9,† we think it is unwise and unnecessary to make public defence agreements of this kind. However, we have not yet submitted this point to Ministers in Ottawa.

5. Turning now to the annexed draft submitted by the U.S. Section, our principle objection to it is that paragraph 2 would give the United States more of an interest in the land than is required by the Recommendation or necessary for its implementation. It seems to us that the effect of paragraph 2 of the U.S. draft is to give the United States a continuing interest in the land of all stations constructed by the United States, this interest to continue even after a station has been taken over by the RCAF. It is the last mentioned feature which we feel is unnecessary and which goes beyond the requirements of the Recommendation.

6. We have prepared in this Department an alternative draft in a form which might be made public (but the annex to it would not be made public). Will you please give this draft to the U.S. Section, making it clear that it is simply a working draft prepared by officials in this Department.

Following is the text of our draft:

Text Begins: I have the honour to refer to the recent discussions by the Permanent Joint Board on Defence regarding the extension and co-ordination of the continental radar defence system within Canada and to record herein the Canadian Government's understanding of the arrangements which have been agreed upon:

1. The Governments of Canada and the United States will, in the interests of joint defence against air attack, construct and operate within Canada the radar stations listed in the Annex† to this note.

2. The capital costs of construction (except housing for dependents), and of equipment and communication facilities, will be shared on the basis of, approximately, two-thirds by the United States and one-third by Canada. In order to facilitate implementation of the plan and to simplify the division of costs, the United States and Canada respectively will assume financial responsibility for the construction and equipping of those stations (with their associated control facilities) allocated to each of them for the purpose in the Annex.

3. The maintenance and operating costs of all the stations will be shared, two-thirds by the United States and one-third by Canada.

4. Canada will require and retain title to all sites required in Canada for the system. The Canadian Government hereby grants and assures to the United States

Government, without charge, such rights of access, use and occupancy as may be required from time to time by the United States for its effective participation in the system.

or

4. Canada will acquire and retain title to all sites required in Canada for the system. The Canadian Government hereby grants and assures to the United States Government, without charges, such rights of access, use and occupancy as may be required:

(a) for the construction of stations by the United States pursuant to paragraph 2 of this Note, and

(b) for the operation of stations by the United States pursuant to paragraph 6 of this Note.

5. So far as practicable, construction of the installations required by the plan will be carried out by Canadian agencies and contractors with Canadian labour and materials, and electronic and other equipment manufactured in Canada will be used.

6. The stations will be manned and operated initially by Canada and the United States respectively according to the division set forth in the Annex. Canada may, at times to be mutually agreed upon, take over from the United States the manning and operation of stations previously manned and operated by the United States.

7. Neither government will discontinue the operation of any station or any part of the system without the prior concurrence of the other government.

8. All possible measures will be taken to ensure that the system will be operating by the target date set forth in the Annex.

9. Within the sites made available to the United States, the United States, so far as may be consistent with the laws of Canada, may do whatever is necessary or appropriate to the carrying out of its responsibilities in Canada in connection with the construction and operation of the continental radar defense system, in accordance with this Note including:

(a) Construction, installation and operation of the necessary structures, facilities, and equipment;

(b) Improvement of the sites as may be required to fit them for their intended use;

(c) Stationing of personnel under the control and command of United States military authorities.

10. Ownership of all property brought into Canada or purchased in Canada by the United States and placed on the sites, other than structures permanently affixed to the realty, shall remain in the United States. The United States, subject to para. 7 of this Note, shall have the unrestricted right of removing or disposing of all such property, PROVIDED that removal or disposition takes place within a reasonable time after the date on which, by agreement of the two governments, the operation of the particular station has been discontinued.

11. In accordance with the principles stated in this Note, details concerning the manning, operation and financing of the system in Canada shall be settled by subsequent agreement between the appropriate authorities of Canada and the United States.

12. The capabilities of the system will be kept under constant review in the light of current developments.

If the foregoing is acceptable to your Government, this Note and your reply shall constitute an agreement, effective from the date of your reply. End of draft. End of telegram.

655. DEA/50210-40

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-1050 Ottawa, May 12, 1951

SECRET. IMPORTANT.

My immediately preceding teletype re radar defence agreement.
Following is text of draft note informally submitted by U.S. Section at PJBD meeting this week, Begins:

I have the honour to refer to Recommendation 51/1 of the Permanent Joint Board on Defence Canada-United States dated January 31, 1951 concerning extension and co-ordination of the continental radar defence system within Canada and to inform you that the Recommendation has been approved by the Government of Canada.

2. Pursuant to the Board's Recommendation, Canada will make available to the United States, without compensation, the sites required for the installations to be constructed by the United States. Each site will be made available until such time as it is mutually agreed between the two Governments that operation of a particular installation is no longer required. Canada will retain title to all the sites.

3. Within the sites made available to the United States, so far as may be consistent with the laws of Canada, the United States may do whatever is necessary or appropriate to the carrying out of its responsibilities in Canada in connection with the construction and operation of the continental radar defence system, in accordance with the Board's Recommendation including:

(a) Construction, installation and operation of the necessary structures, facilities, and equipment;

(b) improvement of the sites as may be required to fit them for their intended use;

(c) stationing of personnel under the control and command of U.S. military authorities.

4. Ownership of all property brought into Canada or purchases in Canada by the United States and placed on the sites, other than structures permanently affixed to the realty, shall remain in the United States, and the United States shall have the unrestricted right of removing or disposing of all such property, provided that removal shall not impair the operation of any installation whose discontinuance has not been agreed upon by both Governments, and provided further that removal or disposition shall take place within a reasonable time after the expiration of the period for which the sites are made available to the United States.

5. If the foregoing is acceptable to your Government, this Note and your reply shall be regarded as an agreement effective from the date of your reply. Details concerning the manning and operation of the system in Canada shall be settled by subsequent arrangements between the two Governments or the appropriate authorities thereof, as may be necessary. End of draft. Ends.

656. DEA/50210-40

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-2027 Washington, May 14, 1951

SECRET. IMPORTANT.

Reference your EX-1049. Radar Defence Agreement.

1. The views contained in your teletype under reference were communicated to Haselton this morning before the State Department meeting on this subject. We told Haselton that our first preference would be to rely on the board's recommendation rather than on an exchange of notes. If there were to be an exchange of notes we would prefer that it not be published or registered with the United Nations. In any case, we would not wish the publication or registration of this exchange of notes to set a precedent for future agreements in the defence field between the United States and Canada. With particular reference to Johnson's draft, we drew Haselton's attention to the fact that paragraph 2 seemed to go further than the recommendation of the board. We said that if the exchange of notes were to be in any detail we thought that the note should follow as closely as possible the recommendations of the board.

2. We have now been given a brief account of the State Department meeting on this subject this morning. The U.S.A.F. are apparently convinced that an exchange of notes formalizing the agreement is necessary to meet possible Congressional criticism of the joint project. Assuming an exchange of notes, the legal staff of the State Department maintain that registration with the United Nations is essential.

3. United States authorities are, however, prepared to proceed on the basis of our revised draft as contained in your teletype under reference and to spell out the major recommendations of the board, eliminating of course the reference to the

location of the facilities. They believe that it would be inappropriate to refer in the main note (which would be published and registered with the United Nations) to a classified annex. For this reason they would prefer that the phraseology "as mutually agreed" should be substituted where the "annex" is referred to. They agreed that paragraph 2 of their draft went further than the recommendations of the board, and would be prepared to substitute for it paragraph 4 of your draft. Other minor textual amendments to your draft will also be suggested.

4. It is my understanding that Johnson will be in Ottawa tomorrow for detailed discussions with MacKay on this subject. I thought, however, you might wish to have some advance notice of the United States reaction to our suggested revisions.

657. DEA/50210-40

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-1076 Ottawa, May 16, 1951

SECRET

CONTINENTAL RADAR DEFENCE SYSTEM

Below is a new draft note, in a form which might be made public, worked out at a meeting in the Department May 15 attended by Bliss of the Embassy and Johnson of the USAF. It has not been cleared at any higher level. It was agreed with Bliss that the next move was up to the U.S., and that we would not secure clearance at higher level until Johnson had at least cleared with his Department. Since Comptroller of Treasury here has agreed to release funds to meet outstanding bills on construction projects being undertaken by Defence Construction Limited for USAF, it is felt that we are not impeding progress of radar scheme in any way. Please inform State Department accordingly and give them copy of draft. Johnson is taking back copies for the USAF.

Draft begins:

I have the honour to refer to the recent discussions by the Permanent Joint Board on Defence regarding the extension and co-ordination of the continental radar defence system within Canada and to record herein the Canadian Government's understanding of the arrangements which have been agree upon:

1. Subject to the availability of appropriated funds, the Governments of Canada and the United States will, in the interests of joint defence against air attacks, construct and operate within Canada an extension of the continental radar defence system, (hereinafter referred to as "the extension").

2. The costs of construction (except housing for dependents), equipment, and operation of the extension will be shared on the basis of approximately two-thirds by the United States and one-third by Canada. In order to simplify the division of

costs in accordance with this principle, the United States and Canada will each assume financial responsibility for construction, equipment and operation of those stations (with their associated control facilities) respectively allocated to each of them by agreement between the appropriate authorities of the two Governments. Neither Government will discontinue the operation of any station or any part of the extension without the prior concurrence of the other Government.

3. So far as practicable, construction of the installations required for the extension will be carried out by Canadian agencies and contractors with Canadian labour and materials. Electronic and other equipment manufactured in Canada will also be used, so far as practicable.

4. Canada will acquire and retain title to all sites required in Canada for the extension. The Canadian Government hereby 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 stations allocated to the United States pursuant to paragraph 2 of this Note.

5. Within the sites made available to the United States pursuant to paragraph 4 of this Note, the United States, so far as may be consistent with the laws of Canada, may do whatever is necessary or appropriate to the carrying out of its responsibilities 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 all major construction and all installations of major equipment shall have the prior approval of the appropriate Canadian authorities and

(b) stationing of personnel under the control and command of United States military authorities.

6. Ownership of all property brought into Canada or purchased in Canada by the United States and placed on the sites, other than structures permanently affixed to the realty, 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 has not been agreed upon by both Governments, and PROVIDED further that removal or disposition takes place within a reasonable time after the date on which, by agreement of the two Governments, the operation of the particular station has been discontinued.

7. The stations will be manned initially by Canada and the United States respectively according to arrangements agreed upon by the appropriate authorities of the two Governments. Canada may, at times to be mutually agreed upon, take over the manning of stations initially manned by the United States.

8. In accordance with the principles stated in this Note, further details concerning the construction, equipment and operation of the extension shall be settled by subsequent agreement between the appropriate authorities of the two Governments.

9. The capabilities of the extension will be kept under constant review in the light of current developments.

If the foregoing is acceptable to your Government, this Note and your reply shall constitute an agreement effective from the date of your reply. Draft ends.

658. DEA/50210-40

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-2178 Washington, May 23, 1951

SECRET

Reference: Your EX-1075 of May 16th.†

PUBLICATION OF DEFENCE AGREEMENTS

1. Yesterday we discussed with Tate, the acting legal adviser, and other officers of the State Department the question of publication and registration of United States-Canada defence agreements.

2. We pointed out to Tate that what we were anxious to know was the general United States attitude on the following points:

(a) Whether in all cases formal agreements were necessary, and

(b) If in those cases where formal agreements were necessary they should be registered under Article 102.

We pointed out that, in our opinion, for some of the agreements registration, even in an abbreviated form, would be impossible and in some others the registered agreement would have to omit various details of importance.

3. Tate said that in the opinion of the State Department it was not possible to lay down a general rule governing publication and registration of all agreements on defence arrangements. Tate agreed that informal arrangements which would not constitute formal agreements would, wherever practicable, be satisfactory. This could take the form of acceptance of P.J.B.D. recommendations by both governments or of inter-service correspondence. At times, however, for various reasons a formal agreement might be necessary. He pointed out that he had first thought acceptance by the two government of the P.J.B.D. recommendation concerning the radar defence screen would be adequate. Subsequently, however, he was convinced by the legal officers of the air force that under their legislation and also for the purpose of obtaining appropriations from Congress a formal agreement would be required.

4. He suggested that in each case where a formal agreement was required the procedure followed in the radar case should, where possible, be adopted, i.e., an agreement worded in such a way that it could be published and registered with the

United Nations should be worked out, and he thought this could be done in most cases where a formal agreement was required.

5. The general impression gained at this interview was that Canadian and United States thinking on the problem was not far apart. The United States will not press for formal agreements except where they are required for some practical purpose. They do not consider that any hard and fast rule should be adopted as to publication and registration, but will be ready to consider each case individually.

659. DEA/50210-40

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

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

SECRET Ottawa, May 29, 1951

RE PROPOSED EXCHANGE OF NOTES WITH THE UNITED STATES REGARDING RADAR DEFENCE SYSTEM

You requested further information on the following points:

(1) the insistence of the United States on having an Exchange of Notes to supplement the PJBD Recommendation; and

(2) the United States wish that the Exchange of Notes be registered with the United Nations.

2. Officials of this Department and National Defence have discussed these questions over a period of many weeks with Mr. Johnson, the solicitor for the United States Air Force. In addition our Embassy in Washington discussed them with the Acting Legal Adviser of the State Department. We have been unable to move the U.S. officials from the position that an Exchange of Notes is necessary and that it should be registered with United Nations. The difficulty about refusing to accede to their wishes in the matter is that Defence Construction Ltd. has been unable to get a firm commitment from the USAF pending agreement by us to the terms of an Exchange of Notes. As the commencement of the construction could not be delayed, Defence Construction Ltd. has, I understand, incurred heavy expenses without any legal assurance so far that the USAF will actually make the expected contract with them.

Reasons for Having an Exchange of Notes

3. The first U.S. argument is that the Recommendation is in terms which need to be completed by some other document, i.e., the Recommendation is not "self-executing". For example, the Recommendation says that "the United States to be granted such rights of access, use and occupancy as may be required for its effective participation." Mr. Johnson says that these words, even when approved by the two governments, do not themselves "grant" the rights to the United States; some additional document is needed to constitute the actual "grant".

4. United States officials also contend that the Recommendation is incomplete in another sense. It does not cover the question of eventual disposal of moveable property, nor does it spell out what the U.S. may do on Canadian soil; these two matters are covered in paragraphs 5 and 6 of the proposed Exchange of Notes.

5. In general the USAF lawyer argues that, as it will be necessary for the USAF to obtain funds not only at the beginning but every year for a long period for the operation of stations, it is necessary to have something that looks like a contract to show to Congressional Committees and the Bureau of the Budget. He is convinced that the USAF would run into serious difficulties if it carried on solely on the basis of the Recommendation.

6. The insistence on having an Exchange of Notes comes from the USAF rather than the State Department, although the State Department now agrees with the USAF that an Exchange of Notes is necessary.

Reasons for Registering the Exchange of Notes with the United Nations

7. Although it was the USAF that insisted on having an Exchange of Notes, it is the State Department that insists that any Exchange of Notes must be registered with the United Nations and therefore must be in a form which can safely be made public. The basis of the argument is of course Article 102 of the Charter which reads as follows:

"Every treaty and every international agreement entered into by any Member of the United Nations after the present Charter comes into force shall as soon as possible be registered with the Secretariat and published by it.

"No party to any such treaty or international agreement which has not been registered in accordance with the provisions of paragraph 1 of this Article may invoke that treaty or agreement before any organ of the United Nations."

8. The State Department's attitude is that every effort should be made to comply with Article 102, although they do not deny that there will be some defence agreements which must be kept completely secret for security reasons. In the present case, the proposed Exchange of Notes would in fact contain only part of the true agreement — locations of stations will be omitted for security reasons. Apparently the conscience of the State Department is not troubled by the registration of an Exchange of Notes which is incomplete.

9. The lawyer for the USAF said that the Pentagon would be glad on principle to see all defence agreements kept secret, but he feels that the draft form of the Exchange of Notes does not contain anything that will be harmful to security if made public.

10. You may be interested in looking at our letter D-1593 of April 17 to the Embassy in Washington and at WA-2178 of May 23. The latter reports a discussion with the Acting Legal Adviser of the State Department which took place as a result of our letter D-1593.

11. I doubt whether further argument will move the USAF from the position that an Exchange of Notes is necessary for their purposes. It is possible that further argument with the State Department, at a level higher than the Legal Adviser, might move the State Department from the position that the Exchange of Notes

should be registered with the United Nations. However, as stated earlier in this memorandum, the objection to engaging in further debate with the U.S. officials is that the delay in reaching some kind of agreement is increasingly embarrassing to Defence Construction Limited.[5]

A.D.P. H[EENEY]

DEA/50210-40

660.

Le sous-secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Under-Secretary of State for External Affairs to Minister of National Defence

SECRET

Ottawa, May 30, 1951

Dear Mr. Claxton,

RE CANADA-U.S. RADAR DEFENCE AGREEMENT

Enclosed is a copy of the latest revised draft of this agreement.[6] It has been agreed to by the United States and, on this side, it has been approved by A/V/M James and our Minister. Would you please let me know whether it meets with your approval?

Mr. Pearson is of the opinion that we should not accede to the demand of the U.S. State Department that the proposed Exchange of Notes should be registered with the United Nations pursuant to Article 102 of the Charter. In this connection, I enclose for your information a copy of our letter D-1593 of April 17 to the Canadian Embassy in Washington and a copy of WA-2178 of May 23 from the Embassy; WA-2178 reports a discussion with the Acting Legal Adviser of the State Department which took place pursuant to the request contained in our letter D-1593. (This correspondence was sent to your Deputy Minister on May 25). Also enclosed for your information is a copy of my memorandum of May 29 to Mr. Pearson discussing the U.S. arguments in favour of registering the Exchange of Notes with U.N.

Enclosed is a draft telegram† to the Embassy in Washington on the subject of registration with United Nations of the proposed Exchange of Notes. I should be grateful if you would let me know whether you see any objection to the proposed telegram. If you agree fully with paragraphs 2 and 3 of the enclosed draft, I would

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[5] Note marginale :/Marginal note:
I am agreeable to an Exchange of notes but *not* to their registration at [the] UN and I find argu[ments] of the State Dep[artmen]t on this point unconvincing. L.B.P[earson].

[6] Le texte est presque identique à l'ébauche reproduite sous le nom de document 657. Le seul changement important concerne le sous-alinéa (a) du paragraphe 5, qui conclut :
The text is almost identical with the draft re-produced as Document 657. The only significant change involves paragraph 5, sub-paragraph (a) which concludes:
"PROVIDED that there shall be prior consultation with the appropriate Canadian authorities with respect to all major construction and all installations of major equipment."

be glad to change them to make it clear that they represent your views as well as those of Mr. Pearson.

Yours sincerely,
A.D.P. HEENEY

661. DEA/50210-40

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

SECRET Ottawa, June 1, 1951

RE RADAR DEFENCE AGREEMENT

Annexed is a copy of the draft telegram† to Washington which you sent Mr. Claxton on May 30. We have just received the following letter dated May 29 from Mr. Claxton addressed to our Minister:

"With reference to the proposed exchange of notes with the United States regarding the radar defence system, I have serious doubts as to the desirability of having an exchange of notes particularly if it is considered that this might involve the necessity of registration with the United Nations, as I would regard this course as thoroughly objectionable.

"Also, paragraph five seems to me to spell out in an undesirable form rights given to the U.S.

"All this is implicit from the general arrangement and it should not be necessary to spell it out."

Presumably Mr. Claxton had received the draft Exchange of Notes from A/V/M James and had been told by him of the U.S. insistence on (a) having an Exchange of Notes and (b) registering the Notes with the United Nations.

2. The objections contained in Mr. Claxton's letter of May 29 go much further than those which our Minister finally settled on. It would appear that Mr. Claxton does not want an Exchange of Notes even if the demand for registration is dropped. Also Mr. Claxton objects to paragraph 5 of the draft Note.

3. I am puzzled as to how we should proceed with a view to bringing matters to a conclusion. The principal objection to our embarking on a renewed debate with U.S. officials is that it would mean more delay in obtaining final agreement between the two governments. In the meantime, as we mentioned in the memorandum of May 29 to the Minister (copy of which was sent to Mr. Claxton), Defence Construction Ltd. is going on with work and expenditure on behalf of the U.S. Air Force without any kind of assurance that the USAF will ever make a contract with D.C.L.

4. I wonder whether we would be justified in suggesting to the Minister that a meeting be arranged with Mr. Claxton to be attended by A/V/M James, the Judge

Advocate General, and possibly the President of Defence Construction Ltd. In the alternative, you might like to speak with Mr. Claxton in order to see whether he would accept the draft telegram to Washington.[7] [8]

R.A. M[ACKAY]

DEA/50210-40

662.

Le secrétaire d'État aux Affaires extérieures au ministre de la Défense nationale

Secretary of State for External Affairs to Minister of National Defence

SECRET

Ottawa, June 6, 1951

My dear Colleague,

I received your letter of May 29† regarding the radar defence agreement with the United States, and have also seen your letter of June 1 to Mr. Heeney.†

We are in complete agreement in regarding as objectionable the United States proposal to register the proposed Exchange of Notes with the United Nations (or to make it public in any other way). I am hopeful that the State Department could be persuaded to drop this request.

On the question of whether there should be an Exchange of Notes at all, or whether the approved PJBD Recommendation should be the only written agreement, I share your preference for the latter solution. However, it seems to me that the USAF have an arguable case in favour of an Exchange of Notes. In any case, we can hardly dispute their statement that they will encounter serious financial difficulties with Congressional committees — in years to come if not at the outset — if they do not have a diplomatic agreement in addition to the PJBD Recommendation. In view of the desirability of bringing matters to a conclusion, I think that we should acquiesce in the U.S. request for an Exchange of Notes.

The remaining question is the wording of paragraph 5 of the draft Note and particularly the provision for the "stationing of personnel under the control and command of United States military authorities". Although the provisions of paragraph 5 were not in the Recommendation, I am advised that it was taken for granted by the PJBD that, so long as the United States had the right to man a station, the personnel would be under the immediate command of U.S. authorities. Of course, it is expected that the higher command in Canada of all air defence forces on Canadian soil will be vested in a Canadian (who may in turn be subordinate to a higher "North American" commander of U.S. nationality with headquarters in the U.S.).

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[7] Note marginale :/Marginal note:
Mr MacKay The Minister would like a draft reply to Mr Claxton agreeing on registration & rejecting his suggestions for amendment of text of notes June 4 A.D.P.H[eeney].

[8] Note marginale :/Marginal note:
Mr Wershof Please R.A.M[acKay].

I do not think that the words of paragraph 5 relate to more than the *immediate* command of U.S. personnel, and suggest that it would be sufficient if this understanding were clearly stated to the U.S. when accepting the wording. Furthermore, I am going on the assumption that the State Department will agree not to register or publish the Exchange of Notes.

In general I think that it is desirable to avoid long delay in reaching an agreement with the United States. I am told that the USAF has refused to give Defence Construction Ltd. any commitment towards a contract pending agreement on the terms of the Exchange of Notes, and feel that D.C.L. should not be left in this position very much longer.

I should be glad to know whether, in view of the above, you might accept the draft telegram† to Washington (which accompanied Mr. Heeney's letter of May 30).

Sincerely yours,
L.B. PEARSON

663. DEA/50210-40

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-1239 Ottawa, June 9, 1951

SECRET

From Heeney, My EX-1143, May 25,† Radar Defence Agreement.

Our Minister and the Minister of National Defence are willing to accept the draft Note.

2. They do so with some reluctance, as they share the official view that the United States Government should have been satisfied with the PJBD Recommendation which, having been approved by both governments, is just as binding as any agreement.

3. Neither Mr. Pearson nor Mr. Claxton, however, are disposed to agree that the Exchange of Notes should be registered with the United Nations (or published in any other form). Having considered your WA-2178 of May 23, I do not consider that there is a good case for registering with United Nations bilateral defence arrangements, especially those which are made through the PJBD. It has not been the practice to register approved PJBD Recommendations with United Nations and the fact that this particular Recommendation is to be repeated in an Exchange of Notes does not really alter the position.

4. I should be grateful if you would immediately discuss the matter with the State Department pursuant to the Minister's views. As we have met the United States on

the point of having an Exchange of Notes at all, I hope that the State Department may find it possible to drop the insistence on registration.

5. To avoid misunderstanding, the present status of the draft Note is as follows. It has been approved by Mr. Pearson and Mr. Claxton but may have to go to Cabinet for formal approval after the question of registration has been settled.

664. DEA/50210-40

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-2753 Washington, July 6, 1951

SECRET

Reference: WA-2651.†

RADAR DEFENCE AGREEMENT

1. Tate, the Assistant Legal Adviser at the State Department, asked Ignatieff to see him today to inform him of the results of State Department efforts to convince the United States Air Force that the P.J.B.D. recommendation provides sufficient basis for the implementation of agreed arrangements for the continental radar defence system and that no further written agreement is necessary. He said that he was aware of the views of Mr. Pearson and Mr. Claxton which had been given orally to Haselton, as set out in your EX-1239 of June 9th. He said that personally he agreed with the view that a P.J.B.D. recommendation was sufficient. However, he could not share the view that once an exchange of notes was agreed upon, it would be possible to avoid registering this exchange with the United Nations. He said that from the legal point of view a distinction had to be drawn between P.J.B.D. recommendations (which are not contractual obligations in law, but more in the nature of parallel statements of intent), and an exchange of notes which clearly constitute an international agreement. He pointed out that the draft note now under consideration specifically states that the exchange of notes "shall constitute an agreement". In his opinion, all international agreements have to be registered with the United Nations. He fully agreed at the same time, that, as far as possible, defence arrangements between Canada and the United States should be the subject of more informal procedures such as P.J.B.D. recommendations. He said that he had put all these considerations to the U.S.A.F. as cogently as he could.

2. The U.S.A.F., on the other hand, explained that they are under obligation to the Committee of the Congress, (considering their request for the appropriation of funds necessary to implement their part of the agreement) to submit a written agreement to support their claim for funds. Considering the large amount involved, (about $100 million), the members of the Congressional Committee apparently

would insist upon having some firm agreement before recommending the authorization of the appropriation.

3. Tate then went over three possible ways of dealing with this situation:

(a) That we maintain the position that the P.J.B.D. recommendation is sufficient. In this case the State Department would have to go to the Appropriations Committee of the Congress and assume the responsibility for explaining the nature of the P.J.B.D. and the significance of its recommendations. This would involve going into a good deal of detail about the background of the P.J.B.D. and the nature of Canadian-United States defence relationships. This might also involve embarrassing discussions relating to the responsibilities assumed by the executive branch of the United States Government (as distinct from the legislative branch) in respect of defence arrangements with foreign governments.

(b) We for our part, might maintain the position indicated in your EX-1239 of June 9th, that we would agree to the exchange of notes, but would not agree to their registration. This position, for the reasons indicated in paragraph 1 above, Tate would regard as untenable. However, he suggests that we might consider a postponement of registration with the United Nations, in which case it might be arranged to show the exchange of letters in executive session to the members of the appropriation committee.[9]

(c) The third possibility would involve our agreeing to the registration of the exchange of notes and their publication. If we were to agree, the State Department would recognize that this was an exception based upon the merits of the case considering the amount of money involved and the congressional requirements referred to above.

4. The discussion which ensued was inconclusive. Ignatieff again referred to the definite views expressed by ministers and officials alike which had already been put to the State Department. He pointed out that it was urgently desirable to bring this whole matter to a conclusion as soon as possible and that the present discussion did not seem to advance matters very much. He undertook to bring the views of the State Department to your attention and to seek your further guidance.

[9] Note marginale :/Marginal note:
Favoured by State Dep[artmen]t [Inconnu/Unidentified]

665. DEA/50210-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le ministre de la Défense nationale

Memorandum from Deputy Under-Secretary of State for External Affairs to Minister of National Defence

SECRET Ottawa, July 10, 1951

RE RADAR DEFENCE AGREEMENT WITH THE UNITED STATES

Annexed for convenient reference is a copy of our EX-1239 of June 9 to Washington and a copy of the draft Note referred to therein. We told Washington in that telegram that you and Mr. Pearson had reluctantly decided to accept the draft Note but did not agree to its registration with the United Nations (i.e., to publication). I now enclose WA-2753 of July 6 from Washington indicating that the State Department is adamant on registration if there is an Exchange of Notes, and that the USAF is adamant on the need for an Exchange of Notes.

Paragraph 3 of the telegram lists three possible ways of dealing with this situation. I suggest that the third course may have to be accepted, i.e., we may have to agree to registration of the Exchange of Notes in this particular case. There is nothing in this particular Exchange of Notes that will be dangerous from the security point of view. The continuance of the present deadlock will be increasingly embarrassing, especially to Defence Construction Ltd. which is spending money on USAF account without any assurance that the USAF will make a contract.

I should be grateful for your guidance. If you decide to agree to registration, we will prepare and submit to you a draft memorandum to Cabinet covering the proposed Exchange of Notes.[10]

Although I am recommending, with reluctance, that we acquiesce in the United States insistence on registration, I do not think that we should pass over in silence the State Department's legal view, referred to in paragraph 1 of WA-2753, that PJBD Recommendations "are not contractual obligations in law, but more in the nature of parallel statements of intent". This is not the view that has been held in the Department of External Affairs, and we are working on a memorandum for you on this particular point.

E. R[EID]

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[10] Note marginale :/Marginal note:
12/[7/]51 As you know, I regard this as a matter of very great importance. If we have an exchange of notes and registration on this, I can see the procedure being required in connection with every joint defence arrangement involving U.S. exp[enditure] in Canada. I feel so strongly about this that I would consider paying the whole cost ourselves. Certainly I would not recommend approval to Cabinet without referring it to the Prime Minister and Mr. Pearson. There should be a thorough consideration by Cabinet at a meeting which was well attended. B.C[laxton]

666. DEA/50210-40

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 1298 Ottawa, July 20, 1951

SECRET

Repeat Washington EX-1470.

RADAR DEFENCE AGREEMENT WITH THE UNITED STATES

Following for the Minister from Reid, Begins: The proposed Exchange of Notes is still hanging fire. The USAF feel that an Exchange of Notes is necessary if they are to get their funds from Congress, especially since the agreement calls for annual payments for recurring costs over an indefinite period. The State Department insists that if there is an Exchange of Notes it must be registered with the United Nations, although they would be prepared to hold registration in abeyance for some time.

2. We have discussed the matter at length with Mr. Claxton, and he has requested us to give you his views.

3. As you know, he has been opposed to an Exchange of Notes, but he reluctantly agreed to this provided there were no registration. He still feels strongly against registration, and on reconsideration against even an Exchange of Notes which he feels would lead to a good deal of publicity in Congress. We said that we thought that even if the United States accepted the Permanent Joint Board on Defence Recommendations as a satisfactory form of agreement discussions on appropriations might in any case take place in Congress or at least in Congressional committees; that, in short, the form of the agreement might not make much difference with respect to publicity.

4. On reconsideration Mr. Claxton is now inclined to feel that the whole arrangement might prove undesirable in that recurring discussions might take place in Congress because annual appropriations would be required. Further, since the radar sites are in Canada the impression might get abroad that Congress was being asked to spend funds for the defence of Canada, although in fact the additional radar sites are being established at U.S. request.

5. He suggests therefore that it would perhaps be preferable for Canada to undertake to pay the full cost of the radar network in Canada. It is estimated that the U.S. share of capital costs would be of the order of $105 millions and of recurring annual costs of the order of $22 millions.

6. There might be some offset to this expenditure. Mr. Claxton, for example, has suggested that we might propose to the U.S. that they make offshore purchases in Canada out of MDAA funds equivalent to what they would save on capital construction of radar sites in Canada. I am not sure, however, that this would be feasi-

ble since quite different U.S. governmental authorities would be concerned. Assuming that some sort of formula for equalizing defence burdens emerges from the NATO burden-sharing exercises, which seems probable, we would no doubt be credited with any expenditures made in Canada on defence.[11] Whether we would in fact get full credit for expenditures for the U.S. share of the radar net, were we to undertake it, or whether in fact we could reduce correspondingly our contributions to SHAPE and European infrastructure remains to be seen.

7. Since Defence Construction Limited has advanced a considerable sum to start construction on the U.S. sites and since the USAF apparently take the view that they cannot enter into contracts without a firm international agreement, presumably covered by an Exchange of Notes, there is some urgency about the matter. No doubt you will wish to be present when a decision is to be taken in Cabinet, but in the meantime Mr. Claxton thought you should be informed about the situation.

8. I think I should point out that we have gone no higher than the Legal Adviser of the State Department in getting an opinion on registration of Exchange of Notes. It might be that a direct approach to Mr. Acheson might lead to a different conclusion. I feel that any decision to undertake the full cost ourselves should not be taken merely on the grounds of difference of opinion over registration. It is of course another question whether we should undertake the full cost on the ground of long-run national interest.

667. DEA/50210-40

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 1869[12] London, July 25, 1951

SECRET

Reference: Mr. Reid's telegram No. 1298, July 20th.

RADAR DEFENCE AGREEMENT WITH THE UNITED STATES

Following from the Minister, Begins: My views on this matter remain similar to those of Mr. Claxton, but we must be careful not to get into a position of obstructing, or appearing to obstruct for formal reasons, works which are necessary for the defence of North America. Washington, whose position in insisting on a formal exchange of notes is not, I think, strong, could easily put us into this kind of false position. Because of this, and for other reasons, I am much attracted by the idea of accepting financial responsibility for the construction and maintenance of the stations. I think that we should examine carefully the financial implications of

[11] Voir le document 436./See Document 436.
[12] Repété à Washington comme EX-1511./Repeated to Washington as EX-1511.

this. I don't think off-shore purchases in compensation would be very easy to arrange, but I do think we should get NATO credit for this expenditure and possibly reduce other NATO contributions accordingly.

2. While investigating this matter further, I think that we should ask the Ambassador in Washington to take up on a high State Department level, if possible with Acheson himself, the arguments against a formal exchange of notes and their registration. I don't think we should accept as final the rejection of our position by the legal adviser. Ends.

668. DEA/50210-40

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-2951 Washington, July 26, 1951

SECRET

Reference: Reid's EX-1470 of July 20 repeating his telegram No. 1298 to London.

RADAR DEFENCE AGREEMENT WITH THE UNITED STATES

Following for Under-Secretary from Wrong, Begins: As Reid points out, the suggestions now made by Mr. Claxton go further than the arguments which we have been discussing with the State Department. Indeed, if they were to be accepted, it seems to me that they lead logically to the conclusion that we should refuse to permit any United States funds to be spent on the installation and operation of defence establishments in Canada except in the leased bases. His central difficulty is the publicity likely to attend consideration by Congress of appropriations for activities in Canadian territory and the possibility of a resulting misconception that Canada is depending on the United States to finance installations required for Canadian defence. In this context the form of the radar agreement becomes unimportant.

2. I had thought of taking up with Mr. Acheson our differences of view over the twin issues (a) of recording the agreement in an exchange of notes and (b) of subsequent registration (perhaps after an interval of a year or so) with the United Nations, but I have been waiting for further guidance from Ottawa. I have doubts that an approach to Mr. Acheson would resolve these problems, particularly as the Department of Defense, which will have to go before congressional committees to seek appropriations to carry out the United States share of the joint radar scheme, has come to the conclusion that an intergovernmental agreement is essential to support its request for appropriations.

3. We have now learned that similar intergovernmental agreements exist with other countries, including the United Kingdom and France, in whose territories the United States is constructing military facilities involving expenditures of the same

order of magnitude as in the case of the joint radar net. These agreements have been or will be shown to congressional committees in strict secrecy, but I understand that it is the intention of the United States to register them with the United Nations when it becomes necessary or convenient to do so. Satterthwaite should be able to give fuller information when he is in Ottawa next Monday, July 30th.

4. As to possible misleading publicity following discussion in congressional committees in executive session of the appropriations for the radar chain, one can be sure that the Defense Department in its testimony will be very anxious to point out that the expenditures are required for the defence of the United States, as this will be an essential factor in their presentation. Furthermore, people in such border cities as Detroit, Cleveland and Buffalo are well aware that they can be given some assurance against surprise air attack only from radar installations in Canada.

5. It is also problematical whether any publicity would emerge from evidence given in closed sessions on secret projects undertaken outside United States territory; the radar chain will be considered in company with a number of other projects. It should not be difficult in any event to satisfy public opinion in both Canada and the United States that the radar agreement serves the interests of both countries and to cope with any suggestions that it would involve some derogation of Canadian sovereignty.

6. I have a feeling that it would be a retrogressive step in the general NATO context to withdraw from the approved recommendation of the PJBD. For one thing we are encouraging the pooling of national resources in the common defence, and effective early warning systems must, with aircraft of present speeds, be sited with little regard to frontiers. Another consideration is that the North Atlantic Treaty is a long-term engagement which has so far been concerned principally with the defence of Western Europe and not with the North American segment of the North Atlantic area; the strategic factors, however, may change during the term of the treaty by, for instance, the further development of long-range weapons, and there may come a need for expenditures in Canada far beyond the capacity of Canada alone.

7. I share Reid's doubts about the suggestion that Canada might be compensated for assuming the United States share of the cost of the radar network by United States off-shore purchases of equipment in Canada. I think it would be impossible to develop a satisfactory scheme. Ends.

669. DEA/50210-40

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-1526 Ottawa, July 30, 1951

SECRET. IMMEDIATE.

RADAR DEFENCE AGREEMENT

Following from the Under-Secretary, Begins: As you know, this problem has been reviewed actively in Ottawa during the past few days at the urgent instance of Mr. Howe. Much as we dislike the idea of registering the proposed exchange of notes with the United Nations (and thereby making them public), we realize that the debate on this point with the State Department could go on for some time without agreed result. That would create an impossible situation for Defence Construction Ltd., which has been spending large sums on USAF account (and is facing the immediate requirement of further finance) without any assurance that the USAF will make a contract. Our understanding is that USAF has declined to give Defence Construction Ltd. even a "letter of intent" pending settlement between the governments of the question of an "agreement" in acceptable form, that is to say an exchange of notes.

2. Because of the grave practical problem faced by DCL, and on the direct instructions of Mr. Howe as Acting Prime Minister, it has now been decided to waive our objections and to accept the procedure suggested by the State Department in para. 3(b) of your telegram WA-2753 of July 6. That is to say, we agree to an exchange of notes to be registered with United Nations and published at that time, on the understanding that registration and publication will not be effected in the near future but delayed for some time. In the meantime, of course, the notes may be shown in executive session to the appropriate Congressional Committees. We will rely on the State Department to consult us well in advance of the time of any proposed registration and publication.

3. We trust that you will make it clear to the State Department that our agreement to the registration of the notes with United Nations, and for that matter our agreement to have notes at all supplementing the PJBD Recommendation, relate only to this particular case and are without prejudice to our position in future cases. We are accepting the U.S. Government's requirements in this instance simply because the work cannot be delayed and we are not in a position here to provide financial authority.

4. We trust that the notes can now be exchanged immediately in the wording approved by all parties some weeks ago and sent to you in EX-1516 of July 27.† In the circumstances, we suggest that the notes be exchanged in Washington.

5. It should be clearly understood that, immediately upon signature and exchange of the notes, the USAF will give a suitable letter of intent to Defence Construction Ltd., and will then proceed to make a contract.

6. For your own information Mr. Howe decided to instruct me in the above sense because of the serious results of any further delay. He felt that if a firm commitment from the USAF were not obtained immediately he would have no option to cancellation of the Canadian contracts before further financial obligations were incurred by the Canadian Government.

7. Please act upon these instructions at once and report to us as soon as possible. Ends.

670. DEA/50210-40

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-1530 Ottawa, July 31, 1951

SECRET. IMMEDIATE.

Following from the Under-Secretary, Begins: My EX-1526, July 30, Radar Defence Agreement. As I told you by telephone yesterday, there is another aspect of this problem to which Mr. Claxton attaches great importance.

2. The Canadian Government does not receive aid from the United States and considers it important to avoid the appearance of being a recipient of aid. One reason why Mr. Claxton dislikes the idea of an exchange of notes, and even more the idea of registration and publication, is that this procedure may contribute to Congressional and public misunderstanding of our position.

3. The radar network is a project which the USAF considers essential for the protection of the U.S., and at the same time it is in the interests of Canada. It is truly a cooperative defence project in the interests of both countries and it would be grotesquely wrong to have it interpreted by anyone as "U.S. aid to Canada".

4. Will you please try to arrange with the State Department that the Exchange of Notes should be accompanied by a letter from you to Mr. Acheson expressing our hope and indeed our understanding that this agreement will not result in Canada being incorrectly classified by any U.S. Government agency among countries receiving aid from the U.S. However, this proposal of a letter is not repeat not a condition of the completion of the exchange of notes.

5. If there is time, please clear with me, in advance of the Exchange of Notes, the text of the letter you will send to Mr. Acheson.

6. You will of course delay action on this telegram until receipt of the Cabinet clearance mentioned in EX-1527,† that is expected this afternoon.

671. DEA/50210-40

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-2984 Washington, July 31, 1951

SECRET. IMMEDIATE.

Reference: Your messages EX-1526 and EX-1530.

RADAR AGREEMENT

Following for Heeney from Wrong, Begins: I am making arrangements (subject to final Cabinet approval) for the exchange of notes on the radar agreement to take place tomorrow afternoon. The State Department believes there will be no difficulty in meeting us on the points mentioned and are in touch with the air force to secure action promptly on a letter of intent.

2. I have drafted the following letter to Mr. Acheson to give effect to the points in your EX-1530. The State Department expects to give verbal assurance in the sense desired tomorrow, to be followed by written confirmation. Draft begins:

SECRET

July 31, 1951

Dear Mr. Secretary:

In connection with today's exchange of notes constituting an agreement between our governments for the establishment of a radar chain in Canadian territory as part of the defences of the North American continent, I have been asked to bring to your attention a question regarded as of considerable importance by the Canadian Government. The Canadian Government does not receive financial or economic assistance from the United States and is anxious to avoid the appearance of being a recipient of aid. The radar network is a project which the defence authorities of the United States consider to be essential for the protection of the United States; at the same time its construction is in the interests of Canada. It is thus a co-operative defence project which is being undertaken in the interests of both countries, and it would be completely incorrect if it were to be interpreted as constituting in any way United States aid to Canada.

The understanding of the Canadian Government is, therefore, that the conclusion of this agreement in no way implies that Canada can be regarded as becoming a recipient of aid from the United States. I should be glad if you would confirm that you share this understanding, and also if you would take steps to ensure that, as a result of the agreement, Canada will not be incorrectly classified by any agency of the United States Government as one of the countries receiving aid from the United States. Draft ends. Ends.

672. DEA/50210-40

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-1539 Ottawa, July 31, 1951

SECRET. IMMEDIATE.

Following from the Under-Secretary, Begins: Re my telegrams Nos. EX-1526 and EX-1527† of July 30th, subject Radar Defence Agreement with the United States.

1. Cabinet approved this afternoon your proceeding at once as instructed in my telegram No. EX-1526 of July 30th concerning exchange of notes with the U.S. Government.

2. Please proceed accordingly, at the same time addressing to the U.S. Secretary of State a letter in the form set out in your telegram No. WA-2984 of this date concerning Canada's position with respect to United States aid.

3. Incidentally, since there is no intention to make the notes public, at least for some time we suppose that an appropriate security classification will be placed thereon before exchange. Ends.

673. DEA/50210-40

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-2999 Washington, August 1, 1951

SECRET. IMPORTANT.

Reference: Your EX-1539 of July 31st.

RADAR DEFENCE AGREEMENT

1. I exchanged with Mr. Perkins this afternoon, notes concluding the agreement between Canada and the United States on the extension and co-ordination of the continental radar defence system.

2. I outlined to Mr. Perkins our concern over the registration and publication of the exchange of notes, stressing that it was our hope that it would be unnecessary to register or publish the notes for at least a year's time. Perkins agreed that registration could be delayed and promised to consult us in advance of any proposed registration and publication. Incidentally, as the notes are both classified as Confidential, United States authorities are, in any case, obliged to consult us before changing this security classification and thus before registration or publication.

3. Perkins also agreed with our interpretation that this exchange of notes, supplementing the P.J.B.D. recommendation, should not be regarded as a precedent for future arrangements based on the Board's recommendations.

4. During our discussion, Hayden Raynor, who also was present, said that the State Department had today received a letter from the U.S.A.F. confirming that they would submit a letter of intent to Defence Construction Limited and proceed with the contract as soon as the exchange of notes was effected.

5. I also gave Mr. Perkins a letter addressed to the Secretary of State, as set out in my WA-2984 of July 1st, concerning Canada's position with respect to United States aid. Raynor, whom I had previously told of our concern on this score, said that the legal adviser of the State Department had agreed that Canada, by virtue of the Radar Defence Agreement, could not be regarded as a recipient of United States aid. He said that a letter from the Secretary of State to this effect would be forthcoming and that the State Department would take steps to ensure that Canada would not be so classified by any United States Government agency.

6. Copies of our note, which is identical with that contained in EX-1516 of June 27th,† and the State Department's reply signifying the United States Government's acceptance, will be forwarded to you by tomorrow's bag.[13]

674. DEA/50218-A-40

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

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

DESPATCH 2783 Washington, August 30, 1951

Reference Your D-2631 of July 30, 1951.†

RADAR DEFENCE AGREEMENT

In accordance with your request that the first convenient opportunity should be taken to inform Mr. Tate, Assistant Legal Adviser of the State Department, that we disagree with his interpretation of the legal effect of PJBD regulations (as reported in our WA-2753 of July 6, relating to the Radar Defence Agreement) Ignatieff sought to have an interview with Mr. Tate but found that he was absent on leave. However, he had a talk with Mr. Norris Haselton, the officer in charge of Commonwealth Affairs of the State Department, who had been present at the interview on July 6 last, at which Mr. Tate had expressed his opinions. Mr. Haselton had apparently noted Mr. Tate's comment on the legal effect of PJBD recommendations and had been concerned that it might give rise to possible misunderstandings because of an apparent difference in interpretation of PJBD recommendations between the Legal officer of the State Department and ourselves. He had, therefore, on his own account, sought an explanation from Mr. Tate of his remark to the effect that

[13] Voir Canada, *Recueil des Traités*, 1951, N°. 31./See Canada, *Treaty Series*, 1951, No. 31.

PJBD's recommendations "are not contractual obligations in law, but more in the nature of parallel statements of intent". He had received a memorandum in reply, which sets out Mr. Tate's clarification of what he had in mind, two copies of which are attached.

2. It will be observed that Mr. Tate considers that anything that can be defined as an "international agreement" must be registered with United Nations without exception to comply with Article 102 of the Charter.

3. It appears that Mr. Tate is striving to find a basis upon which approved recommendations of the PJBD can be distinguished from international agreements. For this reason he states that recommendations "when approved on either side constitute unilateral undertakings to carry out such recommendations ... the undertakings are made in good faith and with the intention of being carried out".

4. There would appear to be dangers in pressing too hard against this interpretation of the nature of PJBD recommendations, since if we were successful in having the legal officers of the State Department concede that a contractual relationship in international law is created by the approval of PJBD recommendations by both governments, they would then be forced to contend that all such recommendations should be registered with United Nations. It may well be best to accept the rather vague definition of the nature of the obligations created without pressing our point.

5. In commenting upon Mr. Tate's memorandum, Mr. Haselton remarked that it follows from this opinion of the Legal Division, that if approval of the recommendations is notified to the other governments by an inter-governmental communication such as an exchange of notes, an international agreement exists and would have to be registered. However, if approval of the recommendation is notified through PJBD channels (either through the respective Chairmen of the two sections or the Secretaries) it would be regarded only as a record of unilateral undertakings and therefore would not require registration.

6. In the light of Mr. Tate's memorandum to Mr. Haselton and Mr. Haselton's comments, we await your further guidance before discussing the matter with Mr. Tate.

W.D. MATTHEWS

Attachement

Attachment

SECRET

COPY OF A MEMORANDUM FROM MR. TATE, L. TO BNA, MR. HASELTON

Article 102 of the Charter of the United Nations requires that every treaty and every international agreement entered into by any member of the United Nations shall, as soon as possible, be registered with the Secretariat and published by it. It will be noted that there are no exceptions to this obligation undertaken by member states of the U.N. and consistently therewith it is the view of this office that all such agreements must be registered. In view of the universality of this obligation, the Department, on occasion, has so drafted intergovernmental agreements as to limit

them to the basic rights, duties and obligations of the parties and to leave out implementing details which may be of a highly classified nature. The United States has attempted in good faith to live up to the registration requirements of the Charter and will continue to do so.

This office is not prepared to admit that recommendations of the Permanent Joint Board on Defence-U.S. and Canada are intergovernmental agreements in the sense that they create a contractual relationship. Rather, the recommendations of the Board when approved on either side constitute unilateral undertakings to carry out such recommendations, and the undertaking on one side is not necessarily contingent on the undertaking on the other side, although both sides understand that the undertakings are made in good faith and with the intention of being carried out.

This office does consider, however, that when recommendations of the PJBD are made the subject of the inter-governmental agreement between the United States and Canada, that agreement must be registered with the United Nations Secretariat.

675. DEA/50218-A-40

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

Secretary of State for External Affairs to Ambassador in United States

DESPATCH D-3110 Ottawa, October 17, 1951

SECRET

Reference: Your despatch No. 2783 of August 30, 1951.

STATUS OF RECOMMENDATIONS OF THE PERMANENT JOINT BOARD ON DEFENCE

1. We have been devoting further study to the status of PJBD Recommendations. We still hold the view that the Recommendations of the PJBD, once approved by both Governments and when each Government's approval is communicated to the other, constitute an international contract as valid as any other kind of international agreement. Nevertheless, we have decided not to press further on the State Department at this time our interpretation of the validity of PJBD Recommendations.

2. For your own information, the main reason for avoiding further negotiations on this question is that we believe that PJBD Recommendations should not be subject to registration at the United Nations. Since a large proportion of them is classified, it would clearly be impossible to register the Recommendations in their present form. If we were to insist on the view that the Recommendations were binding international agreements, the State Department would probably feel itself obliged to attempt some form of registration. This would produce endless complications in connection with past agreements and might well inhibit the work of the Board in the future.

L.B. PEARSON

SECTION C

ACCORD SUR LES BASES CÉDÉES À BAIL À TERRE-NEUVE
NEWFOUNDLAND LEASED BASES AGREEMENT

676. PCO

Note du secrétaire d'État aux Affaires extérieures et du ministre de la Défense nationale pour le Cabinet

Memorandum from Secretary of State for External Affairs and Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 81-51 Ottawa, March 15, 1951

SECRET

UNITED STATES NEWFOUNDLAND BASES
RECOMMENDATIONS OF THE PERMANENT JOINT BOARD ON DEFENCE, AND PROPOSED LEGISLATION

Brief History

1. In April, 1950, Cabinet Defence Committee and Cabinet considered the PJBD's Recommendations of March 30, 1950.[14] The question of revision of the Leased Bases Agreement had been referred to the PJBD following the sending of a request by the Canadian Government to the United States Government for modification of the Bases Agreement. In particular the Canadian request referred to income tax exemptions, customs and excise exemptions, postal privileges, and jurisdictional rights enjoyed by the U.S. under the Bases Agreement. It was the desire of Canada that the rights enjoyed by the U.S. at the Bases should be brought as nearly as possible into line with the Joint Defence Statement issued by the two governments on February 12, 1947 (Treaty Series, 1947, No. 43).

2. Cabinet Defence Committee on April 25, 1950, noted the Board's Recommendations with approval. Cabinet on April 27 indicated that the necessary legislation should be drafted before formal approval was considered.

3. The President of the United States approved the Recommendations on August 1, 1950.

Brief Summary of the Recommendations (fuller summary in Cabinet Document D243)†

Income Taxes

4. On June 12, 1950, a new Double Taxation Convention between Canada and the U.S. was signed. When it comes into force it will replace certain exemption provisions now in the Bases Agreement. In addition the Board recommends that the U.S.

[14] Voir/See Volume 16, Document 826.

waive exemptions on contractor's profits, U.S. civilian employees and their families.

COMMENT—This will place income tax exemptions of U.S. personnel in Newfoundland on the same basis as in the rest of Canada.

Customs and Excise

5. The U.S. to waive duty and tax exemptions on:

(a) contractor-owned equipment,

(b) personal belongings and household effects of contractors and their U.S. employees other than on first arrival,

(c) individual purchases in Canada by U.S. personnel.

6. Customs and excise exemptions for Post Exchanges and Service clubs to continue, it being understood that the U.S. authorities will endeavour to increase purchases for these institutions in Canada and will take special steps to prevent abuse of privileges.

COMMENT—With the exception of privileges for PX's and Service clubs, this recommendation in effect meets the Canadian Government's request.

Postal Privileges

7. Originally Canada asked for replacement of U.S. military postal facilities by Canadian Post Offices. This request was not met, but under the Board's Recommendations the U.S. will not establish normal civilian postal offices and will limit the use of the APO system strictly to mail destined to U.S. territory or to other U.S. APO's.

Jurisdiction

8. (i) The U.S. to waive all rights of jurisdiction, permitted under the Bases Agreement, over British subjects and over aliens other than U.S. personnel;

(ii) The U.S. to suspend for five years exercise of rights of jurisdiction over U.S. civilian personnel, subject to revival on notice thereafter or in event of war or other emergency;

(iii) The Canadian Government to seek to amend the Visiting Forces (USA) Act to permit of compulsory attendance of witnesses;

(iv) The Canadian Government to seek legislation to protect security interests of the U.S. forces in Canada, as required under the Bases Agreement.

COMMENT—The Board's Recommendation will permit of the extension of the Visiting Forces (USA) Act as revised to Newfoundland and will remove probably the most objectionable feature of the Bases Agreement, namely, the right of jurisdiction by U.S. courts over Canadian citizens. Revival of the rights of jurisdiction by U.S. Service courts over "followers of the camp" who are U.S. citizens can probably be met when the time comes, if ever.

Outline of Legislation Required to Carry out the PJBD's Recommendations

9. Following Cabinet's consideration in April, 1950, the Departments of External Affairs and National Defence have been engaged in working out draft legislation, in consultation with the other interested Departments. The drafts were shown infor-

mally to the U.S. Section of the PJBD in February, 1951. The texts of the draft amendments† are annexed to this memorandum, although they have not yet been officially cleared with the Department of Justice and will no doubt undergo further drafting changes. Following is an outline:

Customs
(In consultation with Department of National Revenue; not yet approved by Department of Finance)

10. Item No. 708 of the Customs Tariff (which gives free entry to military supplies of the "Imperial Government") would be replaced by a new Item No. 708 applicable to any government, on condition of reciprocal treatment and subject to authorization by the Governor in Council. This is, it is submitted, a desirable amendment quite apart from the PJBD Recommendations.

Postal Privileges
(In consultation with the Post Office Department)

11. In order to legalize the U.S. military post offices in Newfoundland, it is proposed to add a new item (y) to Section 7 of the Post Office Act. This would authorize the Postmaster General to make regulations governing postal services of Allied Forces in Canada.

Jurisdiction
(In consultation with officials of the Department of Justice)

12. Almost every Section of the Official Secrets Act would be amended in order to extend its protection (limited at present to Canadian Government and Provincial Government secrets) to secrets belonging to other Commonwealth Governments or to an "associated state". The phrase "associated state" means any state that enters into an agreement with Canada relating to security and that is designated by the Governor in Council (e.g., any North Atlantic Treaty country). It is submitted that these amendments are desirable quite apart from the PJBD Recommendations.

13. A new Section 541A would be added to the Criminal Code to protect the property of "His Majesty's forces, or any forces co-operating therewith". This Section is desired for the benefit of Canadian forces, quite apart from the PJBD Recommendations.

14. A new section would be added to the Visiting Forces (USA) Act to provide for compulsory attendance of witnesses before U.S. courts-martial, under regulations to be made by the Governor in Council, in the same manner as now applies to courts-martial of the Canadian forces.

General Observation re Legislation

15. It is not necessary to decide now how many Bills will be necessary. The amendment to the Criminal Code, for example, could be included in the usual annual Criminal Code Amendment Bill.

Exchange of Notes

16. If Cabinet approves the Recommendations and agrees in principle to the introduction of the necessary legislation, the Secretary of State for External Affairs proposes to enter into an Exchange of Notes with the U.S., as contemplated in the

Recommendations, to record officially what the U.S. is giving up and what the Canadian Government will do. A draft of the Notes will be submitted to Cabinet in due course.

Letter to Newfoundland Government

17. An important condition of the Recommendations is the following:

"That the Canadian Government, as a condition precedent to the waiver and suspension of the exercise of rights under Article IV and to the extension to Newfoundland of an amended Visiting Forces (USA) Act, give satisfactory assurances that the U.S. officials in Newfoundland will have a degree of jurisdiction comparable to that which they now in fact exercise. In this connection, the U.S. Section would regard the proposed letter from the Government of Canada to the Government of Newfoundland, with a reply from the Newfoundland Government that jurisdictional conditions would remain substantially as now exercised, as the basis for satisfactory assurances to be given by the Canadian Government."

18. The draft letter referred to reads as follows:

"It is contemplated extending the Visiting Forces (USA) Act to the Province of Newfoundland, including the U.S. Leased Bases. Although the present Act does not interfere with the jurisdiction of Canadian courts and law enforcement authorities, it is the hope of the Government of Canada that those charged with law enforcement may rarely find it necessary to bring members of United States forces before Canadian courts. In particular, it is hoped that, when an offence is by its nature essentially prejudicial to the discipline of the United States Armed Forces, when an offence is committed within the Leased Areas, or when an offence involves only members of United States forces or only the property of the Government of the United States, the Canadian authorities will find it desirable to leave the wrong-doer to be dealt with by United States Service courts and authorities.

"I hope that your Government will bring the Act to the attention of law enforcement authorities. I should be glad to learn the views of your Government on the question discussed in the preceding paragraph."

The wording of the letter is similar to the wording of a communication sent to all provincial governments in July, 1947 when the Visiting Forces (USA) Act was passed.

19. The Attorney General of Newfoundland indicated informally some time ago that such a letter would receive a satisfactory reply.

Recommendations for Decisions by Cabinet

20. (1) To approve the PJBD Recommendations and to authorize the notification of this approval to the U.S. Government;

(2) To approve the proposals for introduction of legislation as set forth in this memorandum, subject, of course, to official consideration of the drafts by the Department of Justice;

(3) To authorize the Secretary of State for External Affairs to enter into an Exchange of Notes with the U.S., subject to submission of the draft Notes to Cabinet;

(4) To authorize the Minister of Justice to send the suggested letter to the Attorney General of Newfoundland, at a time to be settled by the Ministers of Justice, National Defence, and External Affairs; this exchange of letters to be followed by a Note to the U.S. Government giving the required assurances.[15]

L.B. PEARSON
BROOKE CLAXTON

SECTION D

GOOSE BAY

677. DEA/50216-40

Note de la 1ère Direction de liaison avec la Défense pour le chef de la 1ère Direction de liaison avec la Défense

Memorandum from Defence Liaison (1) Division to Head, Defence Liaison (1) Division

SECRET Ottawa, January 18, 1951

COMMENTS ON DRAFT GOOSE BAY LEASE DATED JANUARY 12, 1951

Form of the Lease

The draft takes the form of an Exchange of Notes to which is annexed an actual lease to be signed by the Minister of National Defence for Canada. I never could see the point of using such a form i.e., of having two documents for signature, one of which is drawn up along the lines of an ordinary commercial lease. The United States officials no doubt like this form. In the Leased Bases Agreement of 1941, there was a covering diplomatic agreement and also a number of leases in commercial form. My view is that the commercial form is not appropriate to transactions of this kind — it would be appropriate if the Canadian Government were simply leasing an ordinary building to the United States Government. The proposed lease is in no sense an ordinary property transaction; it is rather an agreement between the Governments relating to their joint defence.

Although no particular harm will result from the form followed in the draft, my recommendation would be to alter the form as follows:

(1) Delete the last sixteen words of the first paragraph of the Note and substitute the following — "the Government of Canada is prepared to and does hereby grant such a lease subject to the detailed terms set forth in the Annex hereto."

[15] Approuvé par le Cabinet, le 21 mars 1951./Approved by Cabinet, March 21, 1951.

(2) Add a final clause in the following form—"This Note and your favourable reply will constitute an agreement, to come into force on (date to be inserted)."

(3) Strike out the first page of the draft lease and substitute something along the following lines:

"ANNEX"

"The Canadian Government (hereinafter called the Lessor) hereby leases to the United States of America (hereinafter called the Lessee) those certain parcels or tracts of lands and premises, (hereinafter ...",

and then carry on with the remaining pages of the draft lease. This kind of annex will not require any signature. The effective binding agreement would be the Exchange of Notes.

Detailed Reference to Privileges

On Page 3 of the draft Note, beginning with the words "Subject to enactment of the necessary legislation", there is set forth in some detail the privileges to be given. It is not necessary to set these forth and, as this Exchange of Notes will presumably be published, it may stir up unnecessary criticism in Canada if the privileges are spelt out in the Note. On the assumption that the Canadian Government will approve the recommendations of the P.J.B.D. on this subject, it is only necessary to say in the present Note that the question of Customs and Excise privileges, jurisdiction and postal privileges, will be governed by the recommendations of the P.J.B.D. which have been formally accepted by both Governments. When a recommendation of the P.J.B.D. is formally accepted by both Governments, it is just as binding as anything put in an Exchange of Notes and it is not really necessary to repeat the recommendation in an Exchange of Notes.[16]

Option for Renewal

The draft lease provides specifically that the United States may renew the lease for one further term of 20 years. This wording is obviously based on the language used at the P.J.B.D. meeting in March, 1950, when the Canadian members said that proposed lease would be for 20 years "with an option for renewal".[17] If it is now desired to grant something less than a clear option for renewal, it would be necessary to delete the 8 lines dealing with renewal and substitute something along the following lines:

"The Lessee may, by notice in writing to the Lessor not less than six months prior to the expiration of the said term, request a renewal of the lease for a further period of not more than 20 years. If such a request is made, the Lessor undertakes to consider it sympathetically in the light of the mutual interest of Canada and the United States of America in the security of the North Atlantic area."

[16] Sur ce point, voir les documents 674 et 675/On this point, see Documents 674 and 675.
[17] Voir/See Volume 16, Document 826.

Storage of Explosives or Special Weapons

The draft contains no restriction other than the one relating to accepted safety standards. If nothing is to be in the lease on the subject of explosives or special weapons, the Canadian Government will not have under this document any control over the storage of explosives or special weapons at Goose Bay. I gather that such control may be guaranteed in some other document.[18]

M.H. WERSHOF

[PIÈCE JOINTE 1/ENCLOSURE 1]

Projet d'échange de notes

Draft of Exchange of Notes

SECRET

January 11, 1951

PROPOSED EXCHANGE OF NOTES BETWEEN CANADA AND THE UNITED STATES OF AMERICA RELATING TO GOOSE BAY, PROVINCE OF NEWFOUNDLAND[19]

I

The Secretary of State for External Affairs of Canada to the United States Ambassador

Excellency,

I have the honor to refer to discussions which have recently taken place between representatives of our Governments on the Permanent Joint Board on Defense concerning a proposed lease to the United States of America of certain lands (hereinafter referred to as Leased Areas) situated within Royal Canadian Air Force Station Goose Bay in the Province of Newfoundland for military purposes and to inform you that in view of the mutual interest of Canada and the United States of America in the security of the North Atlantic area the Government of Canada is prepared to execute such a lease in the form annexed hereto.

The Government of Canada proposes that the following arrangements shall be in effect at Goose Bay:

(1) The United States of America, without prejudice to the sovereignty of Canada, shall have quiet enjoyment of the Leased Areas, subject at all times to the right of free access by the Commanding Officer, Royal Canadian Air Force Station Goose Bay, to any part of the Leased Areas.

(2) United States military personnel outside the Leased Areas shall be under the exclusive control and command of United States authorities in military matters but

[18] Note marginale :/Marginal note:
(*Note*: The above points were discussed by Canadian members of [the] PJBD at [an] agenda meeting Jan. 19) M.W[ershof].

[19] Note marginale :/Marginal note:
(*Note*—this draft was given us by US officials) M.W[ershof].

in all other matters shall be subject to the laws and regulations applicable to Canadian military personnel. The United States Air Force Commanding Officer at Goose Bay shall be responsible for the observance of Royal Canadian Air Force Station Standing Orders by all United States military personnel at Goose Bay outside the Leased Areas.

(3) The United States of America shall have the right to use the airfield at Goose Bay for the operation of United States military aircraft, subject to air traffic control by the Royal Canadian Air Force. Prior notification of all expected arrivals shall be given to the Royal Canadian Air Force at Goose Bay.

(4) The United States of America shall have free and uninterrupted use of all roadways at Goose Bay outside the Leased Areas, subject to any limitations that may be imposed by the Commanding Officer, Royal Canadian Air Force Station Goose Bay, in the interests of the efficient operation of the station.

(5) The United States of America may have the use, for the transportation of petroleum products, of all pipes, pipelines, pumps and valves installed at Goose Bay by the Government of Canada and forming a part of the interconnected pipeline system, provided that the United States of America shall be responsible for any damage or injury suffered by others in consequence of the negligence of the members of its armed forces or of its officers, employees, or agents in connection with such use.

From time to time the United States of America may be authorized to use additional areas, sites and locations at Goose Bay and, in the absence of agreement to the contrary, such use shall be subject to the same terms and conditions as pertain to the Leased Areas. The United States may also be authorized to use such rights-of-way at Goose Bay and in the vicinity thereof as may hereafter be agreed upon, and may construct, maintain and operate thereon, as may be required for the support of United States military operations at Goose Bay, wire and radio communications facilities and transportation facilities.

The United States of America will not be required to pay any tax or fee in respect of registration or licensing of motor vehicles for use within Royal Canadian Air Force Station Goose Bay.

Subject to enactment of the necessary legislation by the Parliament of Canada, it is the intention of the Government of Canada that the following recommendations of the Permanent Joint Board on Defense shall be given effect at Goose Bay:

(1) Application of customs/excise privileges identical to those recommended for the Leased Bases on the Island of Newfoundland (that is, the same privileges as are operative in other provinces, together with a right to continue PX's and similar institutions);

(2) Application of the Visiting Forces (USA) Act and of the legislative amendments and administrative arrangements contemplated in Section G of Part I of the minutes of the special meeting of the Permanent Joint Board on Defense at Montreal, Quebec, March 28-30, 1950;

(3) Application of military postal privileges identical to those recommended for the Leased Bases on the Island of Newfoundland.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet d'un bail

Draft Lease

SECRET January 11, 1951

LEASE

THIS INDENTUREmade in duplicate this _____ day of January in the year of our Lord, one thousand nine hundred and fifty-one

BETWEEN:

HIS MAJESTY THE KING in right of Canada, represented herein by the Honourable the Minister of National Defence (hereinafter called the Lessor)

OF THE FIRST PART

AND

THE UNITED STATES OF AMERICA (hereinafter called the Lessee)

OF THE SECOND PART

WITNESSETH:

THAT WHEREAS by Notes exchanged on the _____ day of January, nineteen hundred and fifty-one, between the Secretary of State for External Affairs of Canada and His Excellency the Ambassador of the United States of America at Ottawa, the Governments of Canada and the United States of America have expressed their mutual desire to give effect to the recommendations of the Permanent Joint Board on Defence relative to the leasing of certain lands within Royal Canadian Air Force Station Goose Bay, in the Province of Newfoundland, to the United States of America for military purposes;

NOW THEREFORE, in consideration of the premises, the Lessor hath demised and leased and by these presents doth demise and lease unto the Lessee ALL AND SINGULAR those certain parcels or tracts of land and premises (hereinafter referred to as Leased Areas) situate, lying and being within Royal Canadian Air Force Station Goose Bay, in the Province of Newfoundland, described as follows:

* * *

(Description of three or four major areas to be inserted)

* * *

TO HAVE AND TO HOLD the same for and during the term of twenty years to commence on the date hereof, free from the payment of all rent and charges; PROVIDED that the Lessee may at its option, without further consideration, by notice in writing to the Lessor not less than six months prior to the expiration of the said term, renew this lease for a further term of twenty years upon the same conditions as herein contained.

The Lessee shall have the right of free access to and egress from the Leased Areas and shall have within the Leased Areas, in accordance with the said Notes, all the rights which are necessary to support the operation of United States military aircraft at Goose Bay, including, *inter alia*, the right, power and authority:

(a) to occupy and control the Leased Areas and to undertake such internal security measures as may be deemed necessary by the Lessee;

(b) to construct, install, improve and maintain in the Leased Areas personnel housing, hangars, warehouses, shops, hardstands, parking aprons, storage and distribution facilities for aviation gasoline and other petroleum supplies, communications facilities and navigation aids (including meteorological systems), radio and radar apparatus and electronic devices of any desired power, type of emission and frequency, and any other type of building, facility or improvement deemed necessary by the Lessee, PROVIDED that all new major construction in the Leased Areas shall have the prior approval of the Commanding Officer, Royal Canadian Air Force Station Goose Bay.

All buildings, structures and improvements permanently affixed to the realty by the Lessee at Goose Bay shall remain the property of the Lessee for the duration of this lease. Any such buildings, structures, and improvements situated at Goose Bay upon the termination of the lease shall thereupon become the property of the Lessor without compensation to the Lessee. The ownership of all other property, including removable improvements, equipment, material, supplies and goods, brought into Canada by the Lessee in connection with its operations at Goose Bay shall remain in the Lessee during and after the termination of this lease, and the Lessee shall have the unrestricted right of removing or disposing of all such property.

The Lessee shall observe accepted safety standards at Goose Bay for the protection of life and property.

The Lessee shall not install, maintain or operate at Goose Bay any lights or other visual aids to navigation of aircraft without the approval of the Commanding Officer, Royal Canadian Air Force Station Goose Bay.

The Lessee shall not at any time cause the waters of the Hamilton River to be polluted by disposal of sewage or otherwise.

The Commanding Officer, Royal Canadian Air Force Station Goose Bay, shall at all times have free access to any part of the Leased Areas.

The Lessee may not assign or sub-let nor may it part with the possession of the whole or any part of the Leased Areas.

IN WITNESS WHEREOF, etc.

678. DEA/50216-40

Note de la 1re Direction de liaison avec la Défense

Memorandum by Defence Liaison (1) Division

SECRET Ottawa, January 22, 1951

RE GOOSE BAY LEASE

The points in my memorandum to Mr. MacKay dated January 18 were discussed at a meeting on January 19 of the Canadian members of the PJBD.

Form of the Lease

General McNaughton liked the idea of having merely an Annex to the Exchange of Notes instead of a formal lease to be signed by the Minister of National Defence. The Air Force representatives, however, thought that U.S. officials might not be happy about making such a change in form at this stage of negotiations.

Detailed Reference to Privileges

The Air Force representatives thought that the U.S. would be anxious to have these privileges specifically mentioned in the lease. At the meeting General McNaughton and Mr. MacKay thought that we might try out on the Americans the idea of omitting these items from the lease, but in the discussion after the meeting Mr. MacKay and I came to the conclusion that it might be better to leave them in.

Option for Renewal

General McNaughton said, when he used the phrase, "option for renewal", at the meeting in March, 1950, it never occurred to him that it meant an absolute right of renewal. All that he meant to convey was that the Canadian Government would be glad to talk in good faith about renewal when the time came. The consensus of opinion was that we should try to get the Americans to accept a general clause instead of an absolute option for renewal. I read out the clause I had put in my memorandum of January 18, and Wing Commander McLearn read out the following clause:

"Provided that this lease shall at the option of the lessee, by notice in writing to the lessor not less than six months prior to the expiration of the said term, be renewed without further consideration for one additional term of twenty years, and the conditions herein contained shall, if still mutually satisfactory, continue to apply; but otherwise the said conditions shall be subject to such modifications as, in the light of experience, are agreed by the parties hereto to be necessary or desirable."

It was agreed that we should try to get acceptance on my clause, but that W/C McLearn's draft should be tried as a second choice.

Storage of Explosives or Special Weapons

Everyone agreed that there was nothing in the lease to give the Canadian Government control in the matter. If the Canadian Government insists on having such control, it will have to be stated in some other document, not to be made public.

Conclusion

It was agreed that I should prepare a revised version of the lease on the basis of this discussion, in consultation with McLearn and Rettie of the Legal Division, with a view to having something which the Canadian members could take to the PJBD meeting in the United States next week.

M.H. WERSHOF

679. DEA/50195-40

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, January 26, 1951

RE PROPOSED GOOSE BAY LEASE

Mr. Claxton examined the draft lease today with General McNaughton, and is anxious that your personal approval should be obtained before the Canadian Section leaves early Monday morning for the PJBD meeting in Alabama. If you agree, Mr. Claxton is willing that the draft lease should be discussed at the meeting, on the understanding, of course, that no decision has yet been taken by the Canadian Government; still less has the Government examined the annexed draft. Following is the background and some explanations.

2. In March 1950, with informal approval from Mr. Claxton, Mr. Garson and yourself, the Canadian Section told the Permanent Joint Board on Defence that, if satisfactory arrangements could be made with respect to the 1941 Leased Bases Agreement, the Canadian Section would recommend to its Government an arrangement to include the following:

"(1) The lease by the Canadian Government to the U.S. Government of a portion of the present Goose Bay area to accommodate U.S. installations and housing.

"(2) This lease to be for a period of twenty years, at a rental to cover any costs to the Canadian Government, with an option for renewal.

"(3) Application to the proposed U.S. area at Goose Bay of customs/excise privileges identical to those recommended for the leased bases on the Island of Newfoundland (that is, the same customs/excise privileges as are operative in the other provinces together with a right to continue PX's and similar institutions).

"(4) Application to the U.S. area of the Visiting Forces (U.S.A.) Act and of the legislative amendments and administrative arrangements contemplated in Section G of Part 1 of these Minutes.

"(5) Application to the U.S. area of military postal privileges identical to those recommended for the leased areas on the Island of Newfoundland.

"(6) All proposed U.S. construction projects in the U.S. area to have the prior approval of the Commanding Officer, R.C.A.F. Station, Goose Bay.

"(7) All proposed U.S. Service projects in Canada, based on the U.S. area to have the prior approval of the Canadian Government."

3. The Board's Recommendations regarding revision of the 1941 Agreement have not yet been formally approved by the Canadian Government, pending drafting of legislation. Since this drafting has now been done, it is proposed to lay those Recommendations before the Government shortly. (A memorandum on this will be sent to you after the PJBD meeting next week).

4. In the meantime, as you know, the U.S. has been enquiring whether we could proceed with the Goose Bay lease in order to enable them to secure appropriations for construction from Congress, and a definite decision from Cabinet may be required soon (even before the revision of the 1941 Agreement has been completed).

5. Legal officers of the U.S. and the R.C.A.F. recently prepared a first draft of the lease, and this has been revised in the Department of External Affairs, and Judge Advocate General's office. The revised version takes the form of an Exchange of Notes and is much simpler than earlier versions. The annexed copy incorporates the latest changes made by Mr. Claxton.

6. May I call your attention to the following points:

Para. 2(a). There will probably be four main areas leased — (1) the "housekeeping" area — hangars, barracks, etc.; (2) special weapons storage area; (3) and (4) global communications centres. Only area (1) would be delimited in the public annex; the other areas would be delimited in a secret letter concurrently with the lease.

Para. 4. This renewal clause may come as a shock to the U.S. officials, who took literally the phrase "option for renewal" used in March, 1950, which to a lawyer would mean an unconditional right to renew for twenty years.

Para. 5. It is, we are told, legally impossible for the U.S. to give the Canadian Commanding Officer access to areas (2), (3) and (4). It is proposed to say this in a secret exchange of letters.

Privileges. The U.S. officials want a provision in the lease itself, but we will try to get them to agree that it should go in a separate letter, which need not be tabled. Attached to the enclosed lease is the text which the U.S. wanted in it, and which we have deleted.

7. Finally, there is nothing in the Note (which will become public) giving the Canadian Government any control over the uses to be made of the base for special weapons. I understand that you wish the State Department to provide secret written assurances on this point before the lease is signed. This will not, of course, be discussed at the PJBD.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'échange de notes

Draft Exchange of Notes

SECRET January 23, 1951

PROPOSED EXCHANGE OF NOTES BETWEEN CANADA AND THE UNITED STATES OF AMERICA RELATING TO GOOSE BAY, PROVINCE OF NEWFOUNDLAND

(To be made public in due course)

The Secretary of State for External Affairs for Canada to the United States Ambassador

Excellency,

I have the honour to refer to discussions which have recently taken place between representatives of our Governments on the Permanent Joint Board on Defence concerning a proposed lease to the United States of America of certain lands (hereinafter referred to as Leased Areas), situated within Royal Canadian Air Force Station Goose Bay in the Province of Newfoundland, for military purposes, and to inform you that in view of the mutual interest of Canada and the United States of America in the security of the North Atlantic area the Government of Canada is prepared to grant such a lease subject to the terms set forth in this note.

2. The Leased Areas shall consist of

(a) the lands lying and being within Royal Canadian Air Force Station Goose Bay, in the Province of Newfoundland, described in the annex to this note (For security reasons, it has been suggested that only one Leased Area should be described in this document and that concurrently the Canadian Government should by secret letter authorize the use of other areas involved. The above draft would be suitable for this purpose as one area could be listed in the annex (to be made public). It has been suggested, alternatively, that no description should be given in this document as it would be easy, from a drafting point of view, to put the description in a secret appendix); and

(b) such additional areas as may from time to time, in a manner to be determined in each case by the Government of Canada, be made available, other than on a temporary basis, to the United States of America upon its request and for its exclusive use.

3. The term of the lease shall be twenty years, free from the payment of all rent and charges.

4. The United States of America (hereinafter called the Lessee) may by notice in writing to the Government of Canada (hereinafter called the Lessor) not less than six months prior to the expiration of the term of the lease, request a renewal of the lease for a further period of not more than twenty years. If such request is made, the Lessor undertakes to consider it promptly, sympathetically and in good faith, in the

light of the mutual interest of Canada and the United States of America in the security of the North Atlantic area. When consulting together on a request for renewal, the parties will consider what modifications if any in the terms of the lease would be necessary or desirable in the light of experience.

5. The Lessee, without prejudice to the sovereignty of Canada, shall have quiet enjoyment of the Leased Areas, subject at all times to right of free access by the Commanding Officer, Royal Canadian Air Force Station Goose Bay, or such officer as may be designated by him, to any part of the Leased Areas. (It is understood that there will have to be a concurrent exchange of letters (perhaps between the respective Chiefs of Staff), to be kept secret, excluding certain specified places from the right of free access.)

6. The Lessee shall have the right of free access to and egress from the Leased Areas, subject to the right of the Lessor to prescribe the routes to be used, and shall have within the Leased Areas, subject to the terms of this note, all the rights that are necessary to support the operation of United States military aircraft at Goose Bay, including, *inter alia*, the right, power and authority:

(a) to occupy and control the Leased Areas and to undertake such internal security measures as may be deemed necessary by the Lessee;

(b) to construct, install, improve and maintain in the Leased Areas, personnel housing, hangars, warehouses, shops, hard stands, parking aprons, storage and distribution facilities for aviation gasoline and other petroleum supplies, and any other type of building, structure or improvement deemed necessary by the Lessee, PROVIDED that all new major construction in the Leased Areas shall have the prior approval of the Commanding Officer, Royal Canadian Air Force Station Goose Bay; and

(c) subject to the approval of the Commanding Officer, Royal Canadian Air Force Station Goose Bay, to construct, install and operate in the Leased Areas communication facilities and navigation aids (including meteorological systems), radio and radar apparatus and electronic devices of any desired power, type of emission and frequency, PROVIDED that the Lessee shall not thereby cause interference with any other similar installation or operation at Royal Canadian Air Force Station Goose Bay.

7. All buildings, structures and improvements permanently affixed to the realty by the Lessee within the Leased Areas shall remain the property of the Lessee for the duration of this lease. Any such buildings, structures, and improvements situated at Goose Bay upon the termination of this lease shall thereupon become the property of the Lessor without compensation to the Lessee. The ownership of all other property, including removable improvements, equipment, material, supplies and goods, brought into Canada by the Lessee in connection with its operations at Goose Bay shall remain in the Lessee during and after the termination of this lease, and the Lessee shall have the unrestricted right of removing or disposing of all such property, PROVIDED that removal or disposition takes place within a reasonable time.

8. The Lessee may not assign or sublet, or part with the possession of the whole or any part of the Leased Areas.

9. United States military personnel outside the Leased Areas, in relation to the performance of their military duties, shall be under the exclusive control and command of United States authorities but in all other respects shall be subject to the regulations and orders applicable to Canadian military personnel. The United States Air Force Commanding Officer at Goose Bay shall be responsible for the observance of Royal Canadian Air Force Station Standing Orders by all United States military personnel at Goose Bay outside the Leased Areas.

10. The United States of America may, jointly with the Government of Canada, have

(a) the right to use the airfield at Goose Bay for the operation of United States military aircraft, subject to air traffic control by the Royal Canadian Air Force and prior notification of all expected arrivals to the Royal Canadian Air Force at Goose Bay;

(b) free and uninterrupted use of roadways at Goose Bay outside the Leased Areas, subject to any limitations that may be imposed by the Commanding Officer, Royal Canadian Air Force Station Goose Bay, in the interests of the efficient operation of the station;

(c) the use, for the transportation of petroleum products, of all pipes, pipelines, pumps and valves installed at Goose Bay by the Government of Canada and forming a part of the interconnected pipeline system; and

(d) the use of such dockage installations and facilities as may from time to time be installed at Goose Bay,

PROVIDED that the United States of America shall be responsible for any damage or injury suffered by others in consequence of the negligence of the members of its armed forces, employees or agents in connection with anything done or omitted under paragraph 10.

11. The United States of America may be authorized, in such manner as the Government of Canada determines, to use such rights of way at Goose Bay, outside the Leased Areas, as may hereafter be agreed upon, and may construct, maintain and operate thereon, such communication and transportation facilities as may be required for the support of United States military operations at Goose Bay.

12. The Lessee will not be required to pay any tax or fee in respect of registration or licencing of motor vehicles for use within the Royal Canadian Air Force Station Goose Bay.

13. The Lessee shall observe, both within and without the Leased Areas, accepted safety standards at Goose Bay for the protection of life and property.

14. The Lessee shall not install, maintain or operate at Goose Bay, whether within or without the Leased Areas, any lights or other aids to navigation of aircraft without the approval of the Commanding Officer, Royal Canadian Air Force Station Goose Bay.

15. The Lessee shall not at any time cause the waters of the Hamilton River to be polluted by disposal of sewage or otherwise.

16. Subject to enactment of the necessary legislation by the Parliament of Canada, it is the intention of the Government of Canada that the following recommen-

dations of the Permanent Joint Board on Defence shall be given effect at Goose Bay:

(a) Application of customs and excise privileges identical to those recommended for the Leased Bases on the Island of Newfoundland, that is to say, the same privileges as are in effect in other provinces, together with the right to operate Post Exchanges and similar institutions; (Is it necessary to make reference to "similar institutions"? What are they?)

(b) Application of The Visiting Forces (United States of America) Act and of the legislative amendments and administrative arrangements contemplated in the Board's recommendations of March 28th - 30th, 1950;

(c) Application of military postal privileges identical to those recommended for the Leased Bases on the Island of Newfoundland.

17. In order to avoid doubt, I am instructed to state that my Government intends that the laws of Canada shall continue to apply throughout Royal Canadian Air Force Station Goose Bay, including the Leased Areas.

18. If the foregoing is acceptable to your Government, this note and your reply shall be regarded as constituting a lease agreement in force from the date of your reply.

ANNEX

Description of Lands Mentioned in

Paragraph 2(a) of Note dated _____

680. DEA/50216-40

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], February 21, 1951[20]

RE PROPOSED GOOSE BAY LEASE

In case the Minister of National Defence raises this in Cabinet today, annexed is a copy of the latest draft† of the lease, dated February 15. This draft incorporates the changes made as a result of discussions at the PJBD meeting on February 2, and also incorporates some drafting changes made subsequently. The most important difference between this version and the one sent to you at the beginning of February is the deletion of the description of the boundaries of the leased areas. This was done for security reasons; at least 3 of the 4 main areas should not be delimited in a

[20] Cette date risque fort d'être inexacte. Ce devrait être probablement le 20 février 1951.
This date is most likely inaccurate. It probably should be February 20, 1951.

public document, and it was thought best to delete all boundaries. The three are the weapons storage area and the global communications areas.

Para. 3

This has been reworded pursuant to your suggestion, in order to make it clear that the lease expires 20 years from the date of coming into force, regardless of the time when certain areas may be brought into the lease.

Para. 5

As stated in my memorandum to you of January 26, it is legally impossible for the U.S. to give the R.C.A.F. Commanding Officer access to the special weapons storage area and the global communications areas. It is proposed to say this, on the insistence of the Americans, in a secret exchange of letters between the respective Chiefs of Staff, concurrently with the signing of the lease.

Para. 9

You asked about the phrase "as may be appropriate" in line 5. Some R.C.A.F. regulations would not, I am advised, be appropriate for U.S. personnel, e.g., a regulation prohibiting attendance at political meetings!

Privileges and Immunities

The U.S. officials argued strongly for the inclusion in the lease of clauses setting forth privileges and immunities. When we made it clear that we did not wish to put them in the lease, they urged that these matters should be covered in a letter, concurrently with the signing of the lease, setting forth our intentions, and the Canadian Section of the PJBD agreed to recommend this course.

General Note

As you know, the lease does not give the Canadian Government any power to control or even advise upon the kind of military use to be made of the Leased Area, e.g., for special weapons. The U.S. have proposed a separate exchange of notes covering other bases as well as Goose.[21]

Apart from paragraph 3, there have been a few drafting changes made during the last week at the request of the U.S. officials. These changes are indicated by underlining. We are satisfied that none of the changes is important; they have been seen by General McNaughton and Mr. Claxton.

A.D.P. H[EENEY]

[21] Voir le document 682./See Document 682.

681. 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], February 20, 1951

. . .

II. GOOSE BAY LEASE AGREEMENT

5. *The Minister of National Defence*, referring to the discussion in Cabinet on October 25th, 1950, noted that members of the Committee were familiar with the proposed agreement regarding the lease of lands at Goose Bay, Labrador, to the United States Government. The draft agreement provided for the lease of areas within the R.C.A.F. Station, Goose Bay, subject to appropriate Canadian control. In view of this proposed agreement, the U.S. Government was prepared, as recommended by the Permanent Joint Board on Defence in March, 1950, to make concessions with respect to certain of its rights at the leased bases on the Island of Newfoundland. He therefore recommended approval of the draft lease agreement.

6. *The Prime Minister* said that, while the draft appeared satisfactory, such terms as "Goose Bay" and "R.C.A.F. Station, Goose Bay", used in it, appeared to require definition. In general, the U.S. authorities should have a clear understanding of the meaning of the terms of the agreement into which they were entering. Further, while the draft agreement did not accord any privileges for U.S. vehicles outside of the R.C.A.F. Station (there being no roads outside of the base at present), it would have to be borne in mind that, if it were ever desired to grant such privileges, steps would have to be taken to ensure that there were suitable advance arrangements with the Province of Newfoundland.

7. *Mr. Claxton* said that the opening paragraph of the latest draft explained that "Goose Bay", used in subsequent paragraphs, was merely a short form of "R.C.A.F. Station, Goose Bay".

8. *The Committee*, after further discussion, approved the draft agreement for the lease of lands at Goose Bay, Labrador to the United States Government, on the understanding that the term "R.C.A.F. Station, Goose Bay" would be defined in the documents to be exchanged with that Government.[22]

. . .

[22] Cette décision a été approuvée par le Cabinet plénier, lors de ses réunions des 21 et 22 février 1951. This decision was endorsed by the full cabinet at its meetings on February 21 and 22, 1951.

SECTION E

COMMANDEMENT AÉRIEN STRATÉGIQUE
STRATEGIC AIR COMMAND

682. CEW/Vol. 3094

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. 19 Washington, January 3, 1951

TOP SECRET

Reference My Letter No. 3088 of December 2, 1950.[23]

PROPOSED U.S. STRATEGIC AIR COMMAND PROJECTS

1. Mr. R. Gordon Arneson of the State Department, following up the talk which he had in my office as reported to you in my Letter No. 3088 of December 2, 1950, visited me on January 3rd in order to put forward a specific proposal for simplified procedure for prior consultation or notification between the Canadian and United States Governments in connection with the staging of aircraft of the U.S. Strategic Air Command to overseas areas. On this occasion Mr. Arneson was accompanied by Major General R.L. Walsh, the United States Air Force member of the P.J.B.D., and Mr. Joseph Chase of the State Department. Mr. Ignatieff was also present at this meeting.

2. Mr. Arneson explained that the Secretary of State had received on January 2nd a formal request from the Secretary of Defense that the Canadian Government be approached at the highest political level in order to reach a general agreement to govern the deployment of the units of the U.S. Strategic Air Command, the storage of weapons including atomic weapons, the construction of facilities for their storage, and the over-flight of Canadian territory which this deployment involves. Specifically, the proposal involves the use of Harmon Airfield as well as of Goose Bay. Before the eventuality of war, the U.S. Joint Chiefs of Staff desire to use Harmon and Goose Bay for training purposes, as well as to make necessary preparations for their use as staging bases for actual missions in wartime.

3. Mr. Arneson brought with him a paper drafted in the Pentagon (two copies of which are attached, numbered 1 and 2) which sets out the proposed substance of a communication to be sent by the Secretary of State to the Canadian Government on this question. He asked that this paper should be studied by the Canadian Government with a view to arriving at an agreed exchange of notes which would constitute a general agreement between the two governments.

[23] Voir/See Volume 16, Document 837.

4. General Walsh made some explanatory comment in elaboration of what Mr. Arneson had said. Two considerations accounted for the earnest desire of the Pentagon for this agreement with the Canadian Government. First, there was a need for the utmost secrecy in any communications which pass between the two governments arising out of the need for prior consultation and notification. There was also the need, however, for swift action to enable the U.S. Strategic Air Command to undertake a strategic air offensive for the mutual defence of Canada and the United States if, as the Pentagon papers says, "war is joined by the North Atlantic Treaty Organization nations". What the U.S. Department of Defense is seeking, as General Walsh put it, is a "canopy" of an agreement reached at the highest political level which would enable the U.S. Chiefs of Staff, acting under the authority of the Secretary of Defense, to take prompt action, through channels of maximum security, such as from General Vandenberg to Air Marshal Curtis, to notify the Canadian authorities involved of any particular action to be taken under the terms of the general agreement.

5. The facilities desired by the U.S. Strategic Air Command for the staging of aircraft are those enumerated in paragraph 2 of the Pentagon paper. In answer to a query about what was involved in "the over-flight of Canada on training missions", General Walsh explained that this was intended to cover training flights under agreed conditions to Harmon and Goose Bay in the Northeast and also the over-flight of Canadian territory by units of the U.S. Strategic Air Command to Alaskan bases in the Northwest. The flights in the Northwest would not involve any use of Canadian airfields, but a request has been submitted by the U.S. Strategic Air Command, on which I have written to you separately, for early permission to make an over-flight of Canadian territory from Great Falls, Montana, to Ladd Field, Alaska, using the inland route rather than the coastal route to avoid dangerous icing conditions. These aircraft would be carrying atomic weapons without nuclear components, in line with the advance deployment arrangements now being planned by the U.S. Strategic Air Command.

6. I enquired from General Walsh about the reference in paragraph 3 of the Pentagon paper to the defects of the "present prior consultation procedure". General Walsh explained that if correspondence had to be undertaken in the case of every activity contemplated by the U.S. Strategic Air Command, both timing and security might be jeopardized. If a general agreement were reached between the two governments on a political level, detailed arrangements for consultation procedures directed to the economizing of time and providing for the utmost security would be worked out, presumably between the Defence headquarters of the two countries. This, he said, was the meaning of the reference to "appropriate Service agencies" in paragraph 5 of the Pentagon paper.

7. Mr. Arneson gave some explanatory comment on the reference in paragraph 2 of the Pentagon paper to the "prior deployment — of atomic weapons". He said that under the procedure authorized by the President for the disposition of atomic weapons, Presidential approval was required at each of these stages in the process of transferring atomic weapons from the custody of the Atomic Energy Commission to the U.S. Strategic Air Command for operational use. The first stage is the delivery of the atomic weapons to the U.S.A.F. without their nuclear components.

The second stage is the transfer of the nuclear components to the U.S.A.F. The third stage is the authority to employ the assembled weapons.

8. Mr. Arneson suggested that I should inform the State Department through him as soon as possible of the comments of the Canadian Government on the Pentagon paper. On the basis of these comments, a letter would then be drawn up for Mr. Acheson's signature in terms which would be satisfactory to the Canadian Government. The reply to Mr. Acheson's letter from the Canadian Government would then constitute the agreement.

9. I said, having in mind the comments contained in your message EX-2735 of December 30th,† that the channel which I would employ for transmitting this proposal to the Canadian Government would be civilian rather than military. I added that it would be necessary for the Prime Minister as well as some other members of the Cabinet to be consulted, and, having in mind the Prime Minister's participation in the Commonwealth meeting of Prime Ministers in London, the earliest date on which a reply could be expected from Ottawa would be after mid-January. General Walsh and Mr. Arneson said that that would be fully understood, but they hoped that an agreement satisfactory to both countries could be reached on this matter as soon as possible, and preferably before the end of this month.

10. General Walsh explained that the U.S. Joint Chiefs of Staff considered that the P.J.B.D. should not be employed for the discussion of the projects referred to in the enclosure and any related matters concerning the use of special weapons. I think that if further information is required on the plans of the Strategic Air Command in this connection, it could easily be arranged for a qualified officer of the U.S.A.F. to proceed to Ottawa on short notice. General Walsh, however, informs me that Air Marshal Curtis, Air Vice Marshal James, and two or three other senior officers of the Air Force are familiar with these plans.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

TOP SECRET [n.d.]

PROPOSED SUBSTANCE OF A COMMUNICATION WITH THE CANADIAN GOVERNMENT

1. The United States Joint Chiefs of Staff agree on the desirability of using Harmon and Goose Bay in Canada, if war is joined by the North Atlantic Treaty Organization nations for staging aircraft to overseas areas. Such use of these two bases would be a decisively important element in a strategic air offensive initiated for the mutual defence of our nations.

2. The use of Harmon and Goose Bay for the above purpose involves: prior deployment of Air Force units and atomic weapons, storage of weapons and construction of facilities for storage, and over-flight of Canada on training missions and, in event of war, actual missions.

3. Much of the above activity would be in the nature of operations outside the areas leased to the United States and therefore is subject to prior consultation with

Canada. However, the unsettled world situation may dictate the initiation of operations in such an emergency that the present prior consultation procedure would seriously jeopardize the effectiveness of the action. Under the circumstances, it is highly desirable that a simplified prior consultation or notification procedure be developed providing for maximum secrecy and minimum delay.

4. If the Canadian Government agrees to the general principle involved, the most feasible procedure appears to be a very general agreement including prior approval for such air movements, staging and strikes. It is suggested that the general agreement authorize the development of a procedure whereby advice will be given at the proper time that these activities will be carried out. In every case, the maximum prior notice will be given and especially in the case of training or advance preparatory deployments.

5. Upon acceptance of the general principle outlined above, it is suggested that the operational commanders concerned or other appropriate Service agencies be authorized to develop the details of the consultation and notification procedure.

DEA/50069-C-40

683.

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

TOP SECRET

Ottawa, January 8, 1951

CONSULTATION BETWEEN GOVERNMENTS ON THE POSSIBLE USE OF THE ATOMIC BOMB

When Mr. Attlee was in Ottawa after his talks last month with President Truman, I believe you discussed with him the assurance which President Truman had given Mr. Attlee that he would keep Mr. Attlee informed of developments which might lead to the use of the bomb. There have been one or two recent exchanges between the U.S. and Canadian Governments of which you should know in case you have further private discussions on this subject with Mr. Attlee in London.

On Mr. Acheson's instructions, the State Department has told our Embassy in Washington in writing that the assurances which President Truman gave Mr. Attlee also apply to you. In other words, the President will *keep you informed* of any developments in the world situation which may lead to the use of the bomb. The State Department have explained to us informally that President Truman cannot undertake to *consult* Mr. Attlee and yourself because the U.S. Joint Congressional Committee on Atomic Energy insist that there should be no limitation upon the President's decision and that he must not be committed, as was the case in the original Quebec Agreement of 1943, to consult any other government before deciding to use the bomb. For this reason, the State Department have explained, the President can only undertake to keep us informed — an undertaking that could be interpreted very loosely.

As you will see from the attached copies of Mr. Wrong's Despatches of December 13th and January 3rd, the U.S. Government are also proposing to approach the Canadian Government formally at the highest political level in order to reach a general agreement to govern the use of Goose Bay and Harmon Airfield as launching bases for atomic attacks in the event of war, and as storage and training bases in peacetime. We do not know with certainty whether the U.K. Government have granted or intend to grant the U.S. Government any facilities for the use of bases in the U.K. by the U.S. Strategic Air Command. If, as we assume, the U.K. Government has granted the U.S.A.F. base facilities for strategic as well as tactical purposes, the U.K. Government face much the same problem as the Canadian Government.

In any event, you may consider it worthwhile pursuing this delicate mater personally with Mr. Attlee. In the opinion of the officials of this Department, at least, the U.S. Government have not as yet been very forthcoming in describing frankly and fully their plans and intentions, and still less in giving us any assurance that we will be adequately consulted before irrevocable decisions are taken by another government involving the use of bases in Canada.

A.D.P. H[EENEY]

684.

DEA/50069-C-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. URGENT.

Ottawa, February 8, 1951

CONSULTATION BETWEEN UNITED STATES AND CANADIAN GOVERNMENTS ON THE ATOMIC BOMB, AND THE USE OF BASES IN CANADA.

I understand there is to be a discussion on this subject this evening between the Prime Minister, Mr. Howe, Mr. Claxton and yourself. For this purpose we have circulated the relevant papers to the Ministers concerned, and I have also sent them a copy of this memorandum. The most important document is the Pentagon draft of a note from the United States Government to the Canadian Embassy in Washington which, with the Canadian Government's reply, would constitute a "canopy" agreement under which service arrangements could proceed. The draft is attached to Mr. Wrong's letter No. 19 of January 3.

2. The policy questions for discussion resolve themselves, I think, into two categories:

(a) Does the Canadian Government want to be *consulted* or *kept informed*, by the U.S. Government?

(b) Should the channel of communication between the U.S. and Canadian Governments on policy matters connected with this subject be civil or military?

3. The first question was discussed in a memorandum which I sent to the Prime Minister on January 8, in your absence, in case he wished to discuss the matter with Mr. Attlee during his visit to Ottawa. Copies of my memorandum to the Prime Minister have been circulated. Whether or not it is decided that some form of consultation is desired by the Canadian Government, I would suppose that we should at least insist on being kept fully informed as to the general plans and intentions of the U.S. Strategic Air Command, and as to any immediate plans which may be formulated for the use of Goose Bay or Harmon as launching or staging fields should an emergency situation arise.

4. The second question was, I believe, briefly discussed between the Prime Minister, Mr. Claxton and yourself at the end of December. We have advised Mr. Wrong of your view at that time that the Government would prefer the civil to the military channel for all consultations on policy. If this decision is confirmed this evening, we should also be in a position to indicate to the U.S. Government what the Canadian Government would regard as "matters of policy", as distinct from purely service arrangements carried forward under an agreed policy.

5. Whatever channels are used, and whether the Canadian Government is to be kept informed or consulted, it may well become necessary for our communications staffs in Ottawa and Washington to be put onto twenty-four hour watch, at least on a stand-by basis. At present, both National Defence and External Affairs Communications Sections close down entirely during the night, although someone is always available on call for "Most Immediate" messages.

A.D.P. H[EENEY]

DEA/50069-C-40

685.

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. 762 Washington, March 3, 1951

TOP SECRET

Reference Your EX-295 of February 9th, 1951.†

UNITED STATES STRATEGIC AIR COMMAND PROJECTS

1. In thinking about the desire of the United States Government to secure a "canopy" agreement with Canada which would cover the use of Goose Bay and Harmon Field for the deployment of atomic weapons, it occurred to me that it would be useful to seek information about any arrangements which may have been made between the United States and United Kingdom with regard to similar projects at the United States bases in England. I therefore asked Mr. Ignatieff to raise this issue with Mr. Arneson when he next had an occasion to see him. Mr. Ignatieff saw Mr. Arneson on February 28th at the latter's request, and I enclose a note which he

has given me of their discussion about the arrangements made with the United Kingdom. From this it would appear that no formal agreement has been concluded, although Mr. Attlee has given his consent to arrangements worked out between the Chiefs of Staff of the two countries.

2. You will notice that Mr. Arneson told Mr. Ignatieff that shortly after this visit Mr. Acheson, in answer to a question at a secret session of the Senate Foreign Relations Committee, said that the United States Government did not have to obtain the consent of any other government before using atomic weapons. This revives my apprehension that the results of the conversations between Mr. Truman and Mr. Attlee last December may become the subject of misunderstanding between the United Kingdom and the United States. In my Despatch No. 3121 of December 13th, 1950, I mentioned an account of the discussions between Mr. Truman and Mr. Attlee on the use of atomic weapons which had been given to me on a personal basis by Sir Oliver Franks, and said that the British Ambassador had asked me not to report what he had told me unless I found it necessary to do so in order to be sure that the Prime Minister and Mr. Pearson understood the position. Although you have not asked me to forward this information and I have not been informed what account of these discussions was given to Mr. St. Laurent by Mr. Attlee in Ottawa, I think that it is advisable to send you at this time a copy of the record which I made on December 13th, 1950, of my talk with Sir Oliver. This is also enclosed herewith.

3. It certainly appears from this as though the British Government is satisfied that there will be *prior consultation* before any use of atomic weapons by the United States. Publicly, however, the United States Government is bound to do no more than to *transmit information*. The issue, of course, is whether the private and verbal assurances given to Mr. Attlee by Mr. Truman continue to be in effect or whether they have been superseded by the more cautious language used in the joint communiqué of December 8th. Is there, in short, a satisfactory meeting of minds on the interpretation of the words used in the communiqué in which the President undertook "to keep the Prime Minister at all times informed of developments"? If this is accepted as equivalent to the President's assurances to Mr. Attlee that there should be prior consultation, no later difficulties should arise, unless prior consultation is taken in London to mean that the weapon will not be employed without the *consent* of the United Kingdom — and also of Canada, since we have been officially informed that Canada is in the same position as the United Kingdom.

4. My observation may seem to have a semantic flavour, and I do not see readily how a higher degree of precision can be secured covering every circumstance in which the use of atomic weapons might become an immediate issue. Indeed, considering the range of circumstances which might arise and the extreme rapidity with which in certain conditions a decision might have to be taken, I think that we should leave the question of the interpretation of the Truman-Attlee understanding where it is.

5. Let us assume that some atomic weapons, probably without nuclear components, will be dispersed at bases used by the Strategic Air Force at Goose Bay and Harmon Field as well as at United States bases in England, Alaska, the continental

United States and possibly one or two points elsewhere. Under the proposed "canopy" agreement we would receive notice through Service channels of the transfer to the two Canadian fields of any nuclear components to complete the weapons, and once the desirability of the deployment to these fields of the weapons has been accepted there would be no solid ground for objecting to their completion. The critical stage, of course, comes later when an immediate decision might have to be taken to use the weapon. We are assured that we shall be *informed* of the developments respecting its use not only from Canadian fields but anywhere. (Indeed, I think that the point of departure of the carrier aircraft is a matter of small importance provided that there is a simultaneous entry into a state of war of the United States and the country having territorial sovereignty over the base employed outside the United States.)

6. Mr. Arneson outlined on December 6th last to Mr. Ignatieff the various conditions under which in his judgement questions of the use of the atomic weapon might arise, ranging between an overt Soviet attack directly against the United States and an attack by satellite forces only on a country not party to the North Atlantic Treaty. If the Russians were to employ the Pearl Harbour method to open war with the United States, the most that we could expect would be to receive information that retaliation with atomic weapons was being ordered. One can imagine the possibility that the Secretaries of Defense and State and the Chairman of the Atomic Energy Commission might be called to the White House from their beds to advise Mr. Truman on making an instant decision which would be put into effect without delay. In other cases where the time factor was not so pressing the obligation of the United States to keep the United Kingdom and Canada informed might well in effect amount to prior consultation and possibly to the reaching of a joint decision.

H.H. WRONG

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note d'une conversation entre M. Ignatieff et M. R. Gordon Arneson

Memorandum of Conversation between Mr. Ignatieff and Mr. R. Gordon Arneson

TOP SECRET [Washington], February 28, 1951

Apparently no "canopy" agreement of the sort proposed to the Canadian Government exists or is at present contemplated between the United Kingdom and United States Governments.

2. The arrangements which permit the location in United States bases in the United Kingdom of atomic weapons and the equipment and personnel required for their delivery have grown out of a series of consultations originating from inter-service contacts and have been given an informal approval by the U.K. Government through the Prime Minister.

3. As far back as 1948, Marshal of the Air Force Lord Tedder, then the U.K. Chief of the Air Staff, was approached by General Vandenberg with a request to agree to the installation of certain buildings in U.S. bases in East Anglia which were required in connection with the detonating mechanism used in atomic weapons. Lord Tedder gave his consent without seeking ministerial concurrence, as he considered it a matter within his competence. In the following year, a further approach was made to Lord Tedder by General Vandenberg, asking for permission for the transfer of equipment by the Strategic Air Command connected with atomic weapons; this was at the time of the Berlin blockade. On this occasion, Lord Tedder replied that he had to seek the consent of the Government and apparently consulted the Prime Minister and the Minister of Defence. Permission was granted.

4. The next move came when Mr. Attlee visited Washington in December of last year. The Prime Minister was accompanied by Field Marshal Slim as well as the Marshal of the Air Force Slessor, and the visit of these two Chiefs of Staff of the U.K. provided an opportunity for further consultations with the U.S. Joint Chiefs of Staff. These conversations included discussions on the disposition of the Strategic Air Command in the United Kingdom for purposes connected with atomic weapons. Agreement was reached, and the conclusions were referred to Mr. Attlee for his approval. While Mr. Arneson was unable to give any indication of what these conclusions were, it was his understanding that there was no written "canopy" agreement of the type now under discussion between the Canadian and United States Governments.

5. Mr. Arneson added a point of interest in connection with Mr. Churchill's recent request for the publication of the Quebec Agreement.[24] He said that this request was almost certainly connected with his concern about the lack of any formal agreement which would require the United States to seek the consent of the United Kingdom Government before using atomic weapons, even if this involved their delivery from U.S. bases in the United Kingdom. Recalling what he had told us previously of the understanding reached between Messrs. Attlee and Truman on the question of "consultation" prior to the use of atomic weapons by the United States (see our despatch 3121 of December 13th, 1950), Mr. Arneson said that after Mr. Attlee's departure from Washington Mr. Acheson had made an appearance before the Senate Committee on Foreign Relations in secret session. He had been closely questioned about the Attlee-Truman talks and had been asked whether any agreement had been entered into between the two governments. Apparently, Senator Hickenlooper asked the direct question: "Did the United States Government have to obtain the consent of any other government before using atomic weapons?" Mr. Acheson had made the reply: "No, certainly not." In speaking to Mr. Arneson about this matter after the meeting Mr. Acheson made the interesting observation that, had Senator Hickenlooper been brighter, he might have followed up with a more embarrassing question, such as: "Does the United States Government have any obligation to seek the consent of another government in the case where bases

[24] Voir/See United States, Department of State, *Foreign Relations of the United States (FRUS)*, 1943, "The Conferences at Washington and Quebec", Washington: Government Printing Office, 1970, pp. 1117-1119.

or facilities to be employed by the United States are located in another country?" Mr. Arneson remarked that this question would be far more difficult to answer, particularly in view of the uncertainty over the conditions which will govern the use of Goose Bay by the Strategic Air Command.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET December 13, 1950

TRUMAN-ATTLEE DISCUSSIONS ON ATOMIC QUESTIONS

I showed Sir Oliver Franks this morning the record of the two discussions between Ignatieff and Arneson. I said that I thought that the account given by Arneson to Ignatieff on December 11th of what went on in the talks must be incomplete in some important respects. Although I imagined that Mr. Attlee, when he was in Ottawa, had filled in the gaps during his discussion with Mr. St. Laurent, I would welcome such information as he could give to guide me in reporting to Mr. Pearson.

Sir Oliver said that he would give me, on a personal basis, an account of what went on, with the understanding that I would be free to pass on what part of it I thought necessary in order to ensure that the Prime Minister and Mr. Pearson understood the situation.

Mr. Attlee had raised the matter with Mr. Truman in a private conversation before one of the meetings and had particularly requested that there should be consultation with the United Kingdom and Canada before any decision was taken to employ atomic weapons. Mr. Truman had given him verbally a full assurance in the sense desired. The advisers were then called in and Mr. Truman repeated this assurance in their presence. The assurance of prior consultation had been written into the first drafts of the Communiqué and had not been questioned on the U.S. side during several revisions of these drafts. On the last day of the meetings, however, while Mr. Attlee and the British party were waiting for the final approval of the Communiqué, Mr. Acheson called Mr. Attlee and Sir Oliver into the President's office and explained why it was undesirable that the Communiqué should include a commitment for prior consultation, for reasons similar to those given Mr. Ignatieff by Mr. Arneson. He added that he was sure that it would prejudice the prospects of a successful resumption of the tripartite negotiations if the language of the Communiqué were not changed. He then produced a draft of his own, which was so reserved in language that Sir Oliver said that it sounded minatory instead of reassuring. Finally, they worked out the language employed in the Communiqué.

Sir Oliver said, however, that the verbal assurances given in very explicit terms by the President were not withdrawn and that therefore the phrase used, "to keep the Prime Minister at all times informed of developments which might bring about a change in the situation", really meant that there would be prior consultation with

the Governments of the United Kingdom and Canada before a decision was taken to employ atomic weapons.

Mr. Attlee's endeavour is to stick to the line that his discussions with the President on this point were, as he said in Parliament yesterday, completely satisfactory without giving his interpretation of this passage in the Communiqué. Sir Oliver thinks it likely that he has informed Mr. Churchill in strict confidence of what actually transpired, and he hopes that Mr. Churchill will therefore use his influence to prevent further pressure on Mr. Attlee in the House of Commons.

686. DEA/50069-C-40

Note du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures[25]

Memorandum from Secretary of State for External Affairs to Under-Secretary of State for External Affairs[25]

TOP SECRET Ottawa, March 20, 1951

U.S. STRATEGIC AIR COMMAND PROJECTS

I have read with interest the very important draft letter attached, and I think that it, generally, covers the ground.

The delicacy and difficulty of this matter has been driven home to me again by the communications received from Washington, and which are attached to your draft. There is a very real risk, I think, of a misunderstanding between the United States on the one hand, and the United Kingdom and ourselves on the other, as to the nature of the commitment already given by President Truman to Mr. Attlee — and extended to us — regarding the use of atomic bombs by the United States. There is no doubt that the United Kingdom feel that there is a specific commitment for consultation. There is no doubt also that the United States is satisfied that there is no commitment in regard to prior consent from any other government before atomic weapons are used. Mr. Acheson was quite specific on this point in his secret statement to the Senate Foreign Relations Committee. The misunderstanding which may arise will be over the relationship of "consultation" to "consent". In our case that misunderstanding may be more difficult to avoid because of the agreed occupation by the United States of Canadian bases from which an attack could be mounted. How can we agree to this without the reservation that we too must be at war! But if we are not going to permit the United States to fly atomic bombs from Canadian bases without prior agreement (except in the case of an immediate retaliation against an atomic or air assault), then, to us, prior consultation does, in certain circumstances, really imply consent. I agree, however, with Mr. Wrong that it is going to be difficult to impose specific conditions on the United States in regard to this matter. What we must do, however, is to make it absolutely clear that each side knows what the other side means by any implied commitments.

[25] Note marginale :/Marginal note:
Mr. MacKay, Mr. George: Please consider further revision, and report. Mar 20 A.D.P.H[eeney]

Your draft letter touches on these difficulties in paragraphs 4 and 9. I am just wondering whether it would be wise to expand these paragraphs a little. For instance, the last sentence in paragraph 4 might refer more definitely to the assurances that President Truman gave to Mr. Attlee. You state in this paragraph that we are not inclined to distinguish sharply between an operation to be mounted or staged from Canadian territory, and one from the continental United States. I am a little worried about this, because I cannot remove from my mind the impression that there should be some such distinction. Also, I am wondering whether paragraph 9 should not be put near the beginning of our communication.

There are one or two other points of detail. In paragraph 3, you refer in lines two and three to "consultation *and* information", while the other references in the same paragraph are to "consultation *or* information". Why the distinction?

In paragraph 7, is there not an inconsistency in the last three lines where you say prior notification would be made through the diplomatic channel, and then go on to add, "We assume that the service channel might also be employed."? Or does this merely mean that there can be notification through the two channels.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une lettre du sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Draft Letter from Under-Secretary of State for External Affairs to Ambassador in United States

TOP SECRET Ottawa, March 16, 1951

Reference: Our Teletype EX-295 of February 9, 1951,† and your Letters No. 19 of January 3 and No. 762 of March 3, 1951.

UNITED STATES STRATEGIC AIR COMMAND PROJECTS

1. At a meeting on February 9, Mr. Pearson and Mr. Claxton discussed the subjects raised in your letter No. 19 of January 3 and the draft enclosed with your letter of a United States Government communication with the Canadian Government, which, with the Canadian Government's reply, would constitute a "canopy" agreement under which Service arrangements concerning the deployment of units of the U.S. Strategic Air Command could proceed. Mr. Robertson, General Foulkes, A/V/M James, and I were also present.

2. It was agreed during the discussion that the Government would be prepared to make available, as part of the Canadian contribution to the common defence of the North Atlantic area, facilities in Canada for the use of the U.S. Strategic Air Command. These facilities would include the use of bases in Canada for the purposes and on the conditions to be indicated in the proposed agreement. The Canadian Government would like to see the U.S. Government's note drafted in terms that would place the exchange of notes squarely under the agreed North Atlantic Treaty arrangements whereby the United States has been given, on behalf of all NATO

countries, responsibility for strategic air bombing, in accordance with the principle of balanced collective forces elaborated in NATO Document SGM 267-50.† We therefore suggest that a reference might be written into the first paragraph of the U.S. note to our common obligations under the Treaty, to the special responsibility of the United States for strategic air bombing, and to the agreement of the North Atlantic Deputies that "member nations should ... agree to give immediate and special attention to ... granting these requirements (for base facilities) as appropriate". We are not suggesting that the text of the U.S. note need necessarily quote the above passage from Document D-D/183† concerning Military Operating Requirements within the North Atlantic area. Rather, we suggest that the language of the note should reflect the agreed North Atlantic policies under which both the Canadian and United States Governments would be acting.

3. It was also agreed that a sure distinction should be drawn between "consultation" and "information" concerning circumstances which might lead to the imminent use of the bomb, and consultation or information concerning any other arrangements under the proposed agreement. The Ministers regard any information or consultation concerning operational employment of the weapon as fundamentally different and distinct from information or consultation concerning arrangements which might be made between the two Services on Government authority for such matters as deployment of aircraft, storage facilities, construction and training programmes. As regards the latter, what might be termed the non-operational feature of our co-operation, the Ministers see no objection to accepting a procedure whereby arrangements of this kind would be made through senior Service channels, under the general "canopy" agreement proposed.

4. As regards any communication between Governments as to a possible strike, the Ministers consider that diplomatic channels should be used. By this they mean that the State Department would communicate with the Canadian Embassy in Washington which would act as the channel to the Department of External Affairs and the Government. The Ministers are not inclined to distinguish sharply between an operation to be mounted or staged from Canadian territory and one from the continental United States. In either event, the Prime Minister would assume that he would be kept informed by the President. This was indicated in the letter of December 11 from Mr. Arneson to Mr. Ignatieff sent on Mr. Acheson's instructions. It informed the Canadian Government that the assurances which President Truman had given to Mr. Attlee also applied to the Canadian Government.

5. In a separate letter, I shall explain how we would propose to establish a channel of communication which could function with the utmost speed and security in such an eventuality. Although I realize, from your letter No. 3088 of December 2,[26] that you have already told Mr. Arneson that you thought the Prime Minister would prefer the civil to the military channel for this purpose, you can now be quite specific in saying that the Government wish the diplomatic channel only to be used for this purpose.

[26] Voir/See Volume 16, Document 837.

6. As we have said, the Government have no objection to the employment of Service channels for notification of detailed Service arrangements for non-operational activities.

7. There is a third category of communications for which we would prefer that diplomatic channels should also be used. As we understand it, nuclear components would never be carried on training flights, although bombs, less their nuclear components, might be; the only purposes for which nuclear components would have to be flown across Canadian territory would be to take them to Goose Bay or Harmon Field for storage, or, when mounted, on a strike. As the movement of nuclear components to advance bases such as Harmon and Goose might, in fact, be the earliest indication of the U.S. Government's appreciation of the seriousness of the situation, the Ministers would like it understood that any movement of nuclear components over Canadian territory, or to or from a base in Canadian territory, would require prior notification through the diplomatic channel. In such cases, we assume that the Service channel might also be employed.

8. The procedures for consultation and notification discussed in paragraphs 4 and 6 above would, of course, apply only up to the time of the initial decision of the United States Government to use atomic weapons. Further questions of policy concerning the possible extension of atomic warfare might arise subsequently which would require consultation between Governments. As yet, however, we have made no attempt to study this question.

9. There is one further general observation that I think should be made, although it is one which I realize that you could not raise with the U.S. Government at this time. Throughout this letter, we have not attempted to distinguish between being *consulted* and being *kept informed*. We appreciate the President's difficulty in giving any undertaking that would be acceptable to Congress and constitutionally valid, to the effect that he would *consult* any Government before authorizing the use of the bomb. Equally, the Canadian Government could not ask for less than to be consulted on a matter of such importance. It is realized, however, that any advance notification the Canadian Government were given, even on the basis of being "kept informed", would open the way for a reply by the Canadian Government which would in effect mean consultations between the two Governments. No document could ensure the effectiveness of such consultations, which would in the final analysis depend on mutual confidence and good faith at the top political level.

10. While you were in Ottawa, you suggested that a draft should be prepared in the Department of the proposed communication of the United States Government to the Canadian Government, in order to enable you, quite informally, to suggest in concrete fashion exactly what we had in mind. We tried our hand at such a draft, but decided that it would serve no real purpose at this stage and until we have your comments on this communication when you have had another talk with the Americans.

A.D.P. HEENEY

687. DEA/50069-C-40

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

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

TOP SECRET Ottawa, March 29, 1951

UNITED STATES STRATEGIC AIR COMMAND PROJECT

You will recall commenting about ten days ago on a draft letter to Mr. Wrong on the above subject. You noted in your memorandum of March 20 on this draft that there was a real possibility of misunderstanding between the United States and the United Kingdom with regard to the commitments given by Mr. Truman to Mr. Attlee about consultation prior to the use of the A bomb and that it was essential that both the United States and ourselves should clearly understand what the undertaking was with regard to use of facilities in Canada for strategic air operations. You also expressed some apprehension that the letter made no distinction between the use of Canadian facilities and facilities in the United States or elsewhere. Mr. Heeney gathered that the sense of the meeting of February 9 (attended by yourself, Mr. Claxton, Mr. Robertson, General Foulkes, A/V/M James) was that there was no real distinction. However, officials of the Department were rather worried about this lack of distinction and agreed with you that there should be such a distinction.

2. The letter to Mr. Wrong has accordingly been completely redrafted, I hope in accordance with your views. The draft states that the Canadian Government must be consulted at the highest level before storage of fissionable material in Canada or overflight of Canadian territory with fissionable material or strikes from Canadian bases. As you note, consultation may, in fact, imply consent, but Mr. Heeney appears to be rather doubtful that we can press the United States Government into agreeing that the Canadian Government must give express consent before such use is made of facilities in Canada, especially in the case of Harmon Field, since the Bases Agreement makes no provision for any such procedure.

3. The letter has also been altered to indicate that the views expressed are Mr. Heeney's rather than those of the Canadian Government, and instruct Mr. Wrong to give our comments orally to the State Department rather than in writing. The reason for this change is purely tactical, since it was felt that it would be preferable to "try out" these views on the United States authorities rather than for the Government as yet to take a really firm position on the matter.

4. Mr. Heeney signed the letter, but left instructions that it should have your approval before it goes.

E. R[EID]

688. DEA/50069-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 NO. D-1407 Ottawa, April 2, 1951

TOP SECRET

Reference: Your letter No. 19 of January 3 and other correspondence.

UNITED STATES STRATEGIC AIR COMMAND PROJECTS

The United States proposal for a "canopy" agreement concerning the use of facilities in Canada by the Strategic Air Command was discussed at a meeting with Mr. Pearson, Mr. Claxton, Mr. Robertson, General Foulkes, A/V/M James and myself. The subject has also been discussed with the Minister several times and the Prime Minister. The comments which follow are based on these discussions, but they should be regarded as my own, since it is felt that the matter should be kept on this more or less informal basis for the present.

2. As you have suggested, we should consider the United States request for a "canopy" agreement in the broader setting of the talks between President Truman and Mr. Attlee about the use of atomic weapons. I quite agree with your view that there is a very real risk of misunderstanding arising between the United States and the United Kingdom as to the nature of the commitment which was given by President Truman. The United Kingdom Government apparently feels that a specific commitment for consultation in advance of use of the bomb has been made by the President. On the other hand, Mr. Acheson was quite specific in his secret statement to the Senate Foreign Relations Committee that there was no commitment to any government regarding prior consent. A close examination of the press communiqué issued after these talks and the memorandum of the conversation between Mr. Ignatieff and Mr. Arneson on December 11, 1950, would seem clearly to support Mr. Acheson's statement. The concluding sentence of the memorandum of the conversation with Mr. Arneson, if a correct statement of the United States Government's views, clearly indicates that the United States Government has committed itself only to consultation "on the developing international situation and the military measures which it called for, rather than upon the use, in a particular situation, of atomic or any other kind of weapons". Canada is assured of only equal treatment in this respect.

3. The draft canopy agreement forwarded with your letter No. 19 of January 3, if accepted by us in its present form, would constitute, in effect, advance consent to the use, subject to notification, of facilities in Canada by Strategic Air Command in preparing for carrying out operations in atomic warfare. Although the phrase "consultation and notification procedure", is used in the final paragraph, it is fairly clear from the text as a whole that the "consultation" envisaged would not necessarily

entitle the Canadian Government to refuse. In short, the canopy agreement as outlined would seem to leave the Canadian Government with little, if any, more control over the use for operational purposes by Strategic Air Command of facilities in Canada than it has over policy under the Truman-Attlee formula.

4. The desire of the United States authorities in view of responsibilities under NATO for strategic air operations, to have a free hand, subject to notification, for the Strategic Air Command to overfly Canada and to use Goose Bay and Harmon Field for operational purposes is fully appreciated. At the same time, if the Canadian Government agree to such an arrangement, it might well forego any opportunity it may have of influencing policy in the use of atomic weapons by reason of Canada's geographical location. In the event of an all-out war, it would perhaps be unrealistic for the Canadian Government to hope that it could really exercise an effective influence on such policy. But it would clearly seem unwise for it to "throw in its hand" in advance.

5. Such an argument, of course, can scarcely be put to the United States authorities. It might, however, be pointed out to them that although the United States has a responsibility under North Atlantic Treaty arrangements for strategic air operations, and although the Canadian Government would not wish in any way to hinder the United States in the fulfillment of these responsibilities, it is felt that it would be improper for Canada as a sovereign nation to permit unrestricted use in peacetime of facilities in Canadian territory for these operations, even on assurance of notification in advance of use.

6. The above observations apply particularly to the storage of fissionable components on Canadian territory, to the overflight of Canadian territory by planes carrying fissionable components, and to strikes from bases in Canada. These are matters on which it is felt the Canadian Government should be consulted in each case at the highest political level. The channel for such matters should be civil rather than military. The normal procedure would be for the State Department to make its request to you, and for this request, on receipt here, to be relayed at once to the Minister or the Prime Minister. (I shall write you separately suggesting a procedure for assuring security and speed).

7. Emergency situations may be envisaged when the utmost speed in dealing with a request would be required, but I do not think the procedure suggested would mean any more delay than if the request were forwarded through military channels. I cannot quite foresee the Government being prepared to authorize the military authorities here to decide on such a request. There should be no more delay in getting a decision from the Ministers if a request were to come through diplomatic channels than if it were to come through military channels.

8. Arrangements could, I think, be made for handling other than the above matters on a Service-to-Service basis. I have in mind such matters as training programmes, the provision of storage facilities, the deployment of aircraft, and even such matters as movement and storage of bombs without fissionable components. Having agreed to facilities in Canada for the Strategic Air Command and having agreed to the division of responsibility under NATO, which leaves responsibility for strategic air operations to the United States, I do not see any objection to purely Service

questions such as the above being settled directly between the RCAF and the USAF at whatever level they agree upon.

9. In conclusion, should the United States wish to proceed with negotiations for a canopy agreement, I suggest the agreement should be placed squarely upon agreed arrangements under the North Atlantic Treaty. A reference might be written into the introductory part of the United States Note to our common obligations under the Treaty, to the special responsibility of the United States for strategic air operations, and to the agreement of Treaty nations through the Council Deputies that member nations should agree to give immediate and special attention to the granting to the United States of appropriate facilities for fulfillment of its responsibilities (Document DD/183).† I am not suggesting that the text of the Note need refer to this Document or quote its language, but that it should reflect agreed North Atlantic policies under which both the Canadian and United States Government would be acting.

10. I suggest that you present these views orally to the State Department. We have tried our hands at a redraft of their proposed Note enclosed in your letter No. 19 of January 3, but with unsatisfactory results. In any case it is perhaps preferable to let them do their own redrafting in the light of our comments, should they wish to proceed with the proposed note.

A.D.P. HEENEY

DEA/50069-C-40

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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. 1164 Washington, April 10, 1951

TOP SECRET

Reference: Your Letters Nos. D-1407 of April 2 and D-1412† of April 3.

UNITED STATES STRATEGIC AIR COMMAND PROJECTS

1. On receipt of your two letters, I arranged for Mr. Arneson of the State Department to receive your comments orally from Mr. Ignatieff and myself.

2. I explained that it was recognized that the United States has responsibility under North Atlantic Treaty arrangements for strategic air operations and that the Canadian Government would not wish to hinder the fulfilment of these responsibilities. We could not agree, however, to permit unrestricted use in peacetime of the facilities in Canadian territory by giving approval for all such activities in advance subject to Service notification. Preparatory arrangements which the Strategic Air Command might undertake in Canada and which would not involve the use of fissionable materials, such as training programmes, provision of storage facilities and the deployment of aircraft, as well as the movement of non-nuclear components,

might be handled on a Service-to-Service basis. On the other hand, for any activity which involved the movement, storage or use of fissionable components or the nuclear core of atomic weapons, it was our view that the Canadian Government should be consulted in each case at the highest political level, and that the channel should be civil rather than military. Arrangements would have to be made to permit such consultation to take place at very short notice in the event of an emergency. If the U.S. authorities wished to proceed with negotiations for a canopy agreement, it was our view that the terms of the agreement should be placed squarely within the framework of the North Atlantic Treaty. I also drew Mr. Arneson's attention to the agreement concerning the channels of communication between the United States and Canadian Governments on defence matters, which is set forth in Appendix No. 3 of the Journal of the P.J.B.D. for June 3rd and 4th, 1948.[27]

3. Mr. Arneson made notes of the points which I had made and said that he would first consult Mr. H. Freeman Matthews, Deputy Under-Secretary of State, who is conversant with this problem; he will also probably later consult Mr. Acheson and officials of the Defence Department. Mention was made of the possibility of a meeting between Canadian and United States representatives on a high level, including Mr. Pearson and Mr. Acheson as well as representatives of the Chiefs of Staff of both countries, as a prelude to any agreement.

4. Mr. Arneson fully recognized the risk of a misunderstanding arising between the United States, Canada and the United Kingdom as to the nature of the commitment which has been given by President Truman for consultation in advance of the use of the atomic bomb. He said that agreement on this point was the real key to the whole question. It appears, however, that since Mr. Attlee's visit further consultations with the British have reduced the risk of misunderstandings on the lines mentioned in my Letter No. 764 of March 3rd.

5. He said that whatever more extensive verbal assurance may have been given by President Truman to Mr. Attlee had been superseded by the communiqué issued at the conclusion of these talks.[28] The United States Government has committed itself only to consultation (as you note in your letter) "on the developing international situation and the military measures which it called for, rather than upon the use, in a particular situation, of atomic or any other kind of weapons". Mr. Acheson's assurance to the Joint Congressional Committee was accurate, and no commitment has been undertaken by Mr. Truman which would bind the United States Government to consult with any foreign government before the President decides upon the use of the atomic bomb. Mr. Acheson, however, in his talk with the Joint Congressional Committee had not touched upon the question of consent for the use of facilities in foreign territory for the employment of atomic weapons.

6. Mr. Arneson also recalled the procedure which has been laid down before a decision is made by the President to deploy or to use both nuclear and non-nuclear components of atomic weapons. A separate decision is required in each case and this decision is made upon the advice of the Secretaries of State and of Defense, as

[27] Voir/See Volume 14, Document 988.
[28] Voir/See United States, *Public Papers of the Presidents of the United States: Harry S. Truman 1950*, Washington: Government Printing Office, 1965, Document No. 301, pp. 738-740.

well as the Chairman of the Atomic Energy Commission. These three meet as a committee of the National Security Council. So far no decision has been made by the President to deploy any nuclear components of atomic weapons except for tests. The custodian of all nuclear components is, of course, the United States Atomic Energy Commission.

7. The United States Government has committed itself only to consult with Canada and the United Kingdom on the circumstances in which the atomic weapons might be used. Following the Attlee-Truman talks, further discussions took place in Washington when Air Marshal Slessor visited Washington last January. A main purpose of this visit was to find out from the U.S. Joint Chiefs of Staff what their strategic plan was for the use of the bases in the United Kingdom of the Strategic Air Command. The U.S. authorities gave Slessor their general ideas on strategic deployment and possible use of these bases, but apparently did not express any specific views on the possible use of atomic weapons. Informal consultations have continued through meetings in the State Department between Sir Oliver Franks, General Bradley, and Messrs. Matthews and Nitze. They again have been concerned with the strategic circumstances which might give occasion for the use of atomic weapons, especially the political and military situation in Eastern Europe and the Middle East. There has been no definition forthcoming from the U.S. side of the conditions in which the atomic bomb would probably be employed. Mr. Nitze has been under instructions to make it clear that the United States Government could not agree to any definition of the word "consultation" which would enable the United Kingdom Government to withhold consent to the employment of atomic weapons.

8. Thus the arrangements which exist between the United States and the United Kingdom Government apparently boil down to an agreement to have continuing consultations on the circumstances which might give rise to the employment of the atomic weapon. The United States has clearly reserved the sole right to decide upon the use of the atomic bomb, particularly in the event of an attack upon the United States.

9. Some thought has been given to the possibility of defining more clearly the circumstances in which atomic weapons might be used. Mr. Arneson said that he had tried to work out some consistent criteria. Apart from coming to very general conclusions such as that atomic weapons should be used only in the event of a general war, he had found it impossible to establish any criteria which could be applicable to all cases. Indeed, considering that the value of the atomic bomb as a deterrent rests partly on the uncertainties in any potential aggressor's mind as to how, when or whether it could be used, any definition of the occasions for its employment would remove some of the deterrent value. Mr. Arneson's preliminary conclusion was that it could be said almost with certainty that any attack upon the United States or another NATO country would result in retaliatory action by the United States with atomic weapons.

10. In concluding our conversation, Mr. Arneson explained why the United States Government attaches prime importance to the use of Goose Bay by the Strategic Air Command. It was possible, in the event of an emergency, that nuclear

components would not have been deployed to Strategic Air Command bases in the United Kingdom or to other strategic locations along the periphery of the probable targets. If such deployment had not taken place, the United States Government would wish to use Goose Bay as the base from which initial strikes against the enemy would take place. As the take-off of the heavy aircraft employed consumes large quantities of fuel, their fuel supply would have to be replenished in the air by tanker aircraft. A bomber laden with an atomic weapon would take off at Goose Bay and refill its tanks over Harmon Field, or possibly another field in Newfoundland, before proceeding on its mission. On completion of its mission it would seek to land in the United Kingdom or at some base in the European theatre. In the event that nuclear components had been deployed overseas in advance of the emergency, Goose Bay would be regarded as an important staging area in the movement of aircraft of the Strategic Air Command to and from more advanced bases.

11. Do you think that it would be unreasonable for the Canadian Government to give prior consent in advance to strikes with atomic weapons from Goose Bay or Harmon Field *in the event of a clearly-established Soviet air attack on North American territory*, subject to as much prior notification as might be possible in the circumstances? It seems to me that we could not reasonably refuse our agreement to the use in such conditions of Canadian facilities or airspace, and that we would in fact be anxious to see a counter-offensive undertaken with the minimum of delay. Furthermore, we might find in such an event that wire communication between Washington and Ottawa was severed and that it would take some time to discover alternative means of communication. If this concession were made, it might be easier for the United States Government to agree to our desire for political consultation before the use of Canadian territory for the delivery of atomic weapons in circumstances not involving a direct attack on North American territory.

12. I shall be sending you a further report as soon as Mr. Arneson informs us of the preliminary reaction of the United States Government to your comments.

H.H. WRONG

690.

DEA/50069-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. 1220 Washington, April 13, 1951

TOP SECRET

Reference: My Letter No. 1164 of April 10, 1951.

UNITED STATES STRATEGIC AIR COMMAND PROJECTS

1. Mr. Arneson came to the Embassy on Thursday, April 12th, to tell Mr. Ignatieff and myself about Mr. Acheson's reactions to your preliminary comments on

the proposed "canopy" agreement. He said that Mr. Matthews, Deputy Under-Secretary of State, and Mr. Nitze, Director of the Planning Staff in the State Department, had been present when he had reported to Mr. Acheson.

2. After informing Mr. Acheson of the points made in your Letter No. D-1407 of April 2nd, he had repeated to Mr. Acheson the comments which he had made to me on the meaning and extent of consultation envisaged in the Truman-Attlee communiqué as it is understood by the United States Government. Mr. Acheson had approved his interpretation as given to us last Saturday.

3. I learned from Mr. Arneson that Mr. Acheson was visited earlier this week by Sir Oliver Franks, who wished to have an informal talk with him on the same question. Sir Oliver had brought with him an appreciation by the United Kingdom Chiefs of Staff of the various circumstances which might give rise to consideration of the use of atomic weapons. He had said that the United Kingdom Government fully recognized that there was a wide variation in the shades of meaning which could be ascribed to the term "consultation"; he realized that the U.S. Government could not accept a definition "at the extreme end of the spectrum" which would always involve obtaining consent from the U.K. Government before atomic weapons were used. Sir Oliver had wondered whether it would be possible to work out some clarification of the circumstances in which atomic weapons might be used. Mr. Acheson had told him that it would be difficult for the U.S. Government to adopt any rigid definition of these circumstances, and had gone on to suggest that the most useful way in which progress could be made was to continue on a regular basis the consultations which had already begun between Sir Oliver and Mr. Nitze (in which General Bradley has participated from time to time) on the developing international situation and on the conditions which might lead to a general war. Mr. Acheson had recognized that it would be difficult to arrive at a joint agreed appreciation of every situation examined, but thought that such continuing consultation, carried on through the diplomatic channel and aided with such military advice as might be appropriate, would result in a common understanding of international dangers as they arise. They would also provide a means of giving prior notification to the United Kingdom of any circumstances which might give rise to the use of atomic weapons by the United States.

4. Mr. Arneson said that Mr. Acheson had instructed him to offer to us informally the same arrangement as had been offered to the United Kingdom. As to the method of consultation, Mr. Arneson suggested that there might be periodic meetings between Mr. Nitze and myself, at which General Bradley or others might at times be present. These meetings could be arranged on a tripartite basis, but difficulties might be foreseen with the French Government, and possibly with other signatories of the North Atlantic Treaty, should it become known that such consultations were being carried on between the U.K., the U.S. and Canada. Mr. Arneson therefore suggested that it might be better if there were two sets of bilateral consultations of a continuing nature. Mr. Acheson would like to have our reaction to this proposal.

5. I asked Mr. Arneson how this proposal was related to the proposed "canopy" agreement; consultations on worldwide politico-strategic issues might fulfil the

agreement to keep Canada as well as the United Kingdom "at all times informed of developments" which might "call for the use of the atomic bomb", but they would not cover the use of Canadian territory for specific activities in connection with the possible delivery of atomic weapons. Mr. Arneson replied that the United States authorities would still prefer to have an agreement which would permit the United States Air Force to do specific things in certain emergency situations, such as the employment by the Strategic Air Command of the facilities at Goose Bay, subject to prior notification of actual use and subject also to the continuing consultation on the developing international situation.

6. As to the different circumstances which might give rise to the use of atomic weapons, Mr. Arneson pointed out that in the event of a direct attack on any part of the North American Continent it would almost certainly be necessary for the President to order immediate retaliation. I think that we must foresee the possibility of communications being interrupted between Ottawa and Washington under the most extreme conditions of direct attack on this continent. It may therefore be necessary to agree, in advance, that in such an event immediate retaliation on the part of the United States would be justified for the purposes of self-defence under the North Atlantic Treaty or the Charter of the United Nations.

7. Mr. Arneson remarked that the British Government was interested rather in the conditions giving rise to the use of atomic weapons than in the bases from which the first atomic strikes were delivered. It was possible that the first strikes would be by carrier-borne aircraft.

8. Mr. Arneson also touched upon the question of the deployment of nuclear and non-nuclear components of atomic weapons. It could be expected that the Strategic Air Command may wish to deploy to Goose Bay non-nuclear components, i.e., the weapon without its nuclear core, as had been done last summer. He asked what procedure we would wish to be followed. I suggested that pending a more general agreement such requests should be submitted through me by the State Department, in sufficient time to enable Ministers to give the matter proper consideration. He said that the possibility should not be overlooked that the Strategic Air Command might also have to deploy nuclear cores in advance of any decision for their use. He explained that constant attention was required to keep atomic bombs in readiness for use because of the electrical equipment powered by batteries which is an essential part of the mechanism. The fitting of the nuclear cores is a comparatively simple operation which would be done at the last moment. (It was actually done in the air after take-off in the case of the first bomb dropped at Hiroshima.) It was possible that the nuclear cores might not be distributed to bases such as those at Goose Bay and in the United Kingdom in advance of a decision to employ the weapons; on the other hand, it might be thought desirable to have enough material on the spot to enable the weapons to be completed without awaiting the arrival of cores from the United States. He proposes to have further discussions with the U.S. Air Force and others on this question.

9. In conclusion Mr. Arneson proposed that we continue an exchange of views on these issues through the same channels. He repeated his hope that the lack of a general covering agreement would not impede the execution of any arrangements

that might be desired by the Strategic Air Command, with of course the approval of the President, to deploy to Goose Bay atomic weapons without the fissionable elements. I mentioned to him that I had heard that the U.S. Air Force desired to secure facilities for use in the event of war at Torbay and Gander in addition to the facilities at Goose and Harmon Field. He proposes to find out from the Air Force whether their desire to have access to these fields is related to the use of atomic weapons.

10. The main point on which I should like your views as soon as possible is whether it is agreed that I should participate in continuing consultations of the character outlined in paragraphs 3 and 4 of this letter. If these consultations were to be conducted frankly and freely, they should provide a valuable additional source of information on the world situation and the policies of the United States, and I believe that we could avoid any risk that they would give rise to a belief in Washington that the Canadian Government was accepting implicit military commitments through them. I should also like to be able to inform Mr. Arneson that we are prepared to agree that suitable Service channels should be used to clear the deployment to Goose Bay of atomic weapons without nuclear components and similar arrangements, such as the over-flight of Canadian territory by aircraft carrying these weapons from the United States to Alaska.

H.H. WRONG

DEA/50069-C-40

691.

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-1819 Ottawa, May 4, 1951

TOP SECRET

Reference: Your letters No. 1164 of April 10 and No. 1220 of April 13.

U.S. STRATEGIC AIR COMMAND PROJECTS

1. We have been considering carefully your reports of the reactions of Mr. Acheson and Mr. Arneson to our preliminary comments on the proposed "canopy" agreement.

2. Mr. Acheson's suggestion that there should be regular consultations between Sir Oliver Franks and Mr. Nitze, and his offer to make similar arrangements for you, is a most interesting one. We agree that continuing consultations, such as you describe in paragraphs 3 and 4 of your letter, could provide a valuable additional source of information on the world situation and on the circumstances which might lead to consideration of the use of atomic weapons. You may tell Mr. Acheson that you would be glad to participate. If you think it necessary or desirable, you may

indicate that, in authorizing you to attend, the Canadian Government would not, of course, be accepting any implicit commitments of any kind.

3. In reply to Mr. Arneson's enquiry as to whether we think such consultations should be on a bilateral or a trilateral basis, it seems to us there might be advantages in trilateral discussions. As we assume that such consultations would be entirely private and that even the existence of such meetings would not be known to others (such as the French), we would see no reason for asking Mr. Nitze or General Bradley to go over with you separately the same ground as they were covering with Sir Oliver Franks. Furthermore three-way discussions might afford less temptation perhaps to the Americans to discriminate in any way between the information made available to us and that going to the United Kingdom.

4. We should like it to be quite clear that the general discussions Mr. Acheson is proposing would not take the place of, but would be in addition to, the specific consultations outlined in my letter No. D-1407 of April 2. We welcome the opportunity of your having continuing discussions with Mr. Nitze, but we trust that it is understood that we want nevertheless to be *consulted* (whatever the form of words used) through diplomatic channels at the highest political level on:

(a) possible strikes from bases in Canada;

(b) storage of fissionable components on Canadian territory;

(c) overflight of Canadian territory by planes carrying fissionable components.

5. It may happen, of course, that specific consultations, of the kind mentioned above, would be begun through the same channels as the general consultations proposed by Mr. Acheson. We take it, however, that specific requests through diplomatic channels would normally be addressed to you by Mr. Arneson.

6. We are willing to modify the position set forth in my letter No. D-1407, in the two respects you have recommended. In paragraph 11 of your letter No. 1164, you ask whether we do not think it would be reasonable for the Canadian Government "to give prior consent in advance to strikes with atomic weapons from Goose Bay or Harmon Field in the event of a clearly-established Soviet air attack on North American territory subject to as much prior notification as might be possible in the circumstances." The Minister has discussed this point with the Prime Minister and Mr. Claxton, and it has been agreed that we would not object to immediate retaliation by the U.S. Strategic Air Command with all available means and from all available bases, in the event of a major outright Soviet attack against continental North America. In these circumstances, we would not insist on prior consultation, but would, of course, wish to have as much prior notification as possible, provided communications between Washington and Ottawa had not been severed.

7. You may also inform Mr. Arneson that we are prepared to agree (as an exception to the P.J.B.D. Recommendation of June, 1948) that suitable *Service* channels should be used to clear the deployment of atomic weapons *without* fissionable components, to bases in Alaska requiring the overflight of Canadian territory en route. However, as stated in paragraph 4 above, we still expect diplomatic channels to be used for clearing any movement of fissionable components to bases in Canada or over Canadian territory.

8. I hope that you will be able to let us have before long the State Department's comments on the substance of our proposals summarized in Paragraph 4 of this letter, as modified in Paragraphs 6 and 7.

A.D.P. HEENEY

692. DEA/50069-C-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, May 16, 1951

U.S. STRATEGIC AIR COMMAND PROJECT

Discussion with Mr. Arneson

1. On his return from visiting Chalk River with the members of the Canadian and United States Sections of the PJBD, Mr. Gordon Arneson visited Ottawa on May 12th in order to discuss with you the stage reached in the State Department's thinking on the proposed "canopy" agreement between the Canadian and United States Governments concerning the use of Canadian bases by the U.S. Strategic Air Command in the deployment of their forces to these bases or over Canadian territory. This memorandum is intended to serve as a record of the discussion which was attended by Mr. Robertson, Mr. MacKay, Mr. Ignatieff and Mr. George.

U.S., U.K. Canadian Co-operation

2. Mr. Arneson began by reviewing the background of the co-operation between the United States, United Kingdom, and Canadian Governments on atomic matters generally. He referred to the "McMahon Act" as the "original sin" which has impeded the kind of co-operation which scientists and many government officials in all three countries know to be both necessary for the best use of scientific research and desirable in the interests of national security in all three countries. A State Department attempt to secure an amendment to the McMahon Act more than a year ago had foundered because, as we could now see by benefit of hind sight,

(a) the U.S. were proposing too tough a bargain for the U.K. Government to accept,

(b) the U.S. Joint Congressional Committee was not prepared to take as broad a view of the national interests of the United States in regard to atomic co-operation as they might have done, and,

(c) the arrest and trial of Fuchs made it politically impossible to propose giving more atomic information to the U.K. at that time.

3. The way may now be clearing, he thought, for a resumption of the Combined Policy Committee talks in a month or so. The U.S. Atomic Energy Commission was the bottle-neck at the moment, but it was expected that they would agree shortly to a proposal initiated by the Defence Department for an amendment to the

McMahon Act which would permit the exchange of technical information among the three countries as barter deals made in the interests of the national security of the U.S. at the discretion of the Secretaries of State and Defence, and the Chairman of the Atomic Energy Commission.

Consultation on the World Situation

4. Apart altogether from the fairly good prospects for a successful meeting of the C.P.C., Mr. Arneson said that he hoped we would be able to give Mr. Wrong instructions fairly soon which would permit him to accept Mr. Acheson's request that he take part in consultation with Mr. Paul Nitze and General Bradley. The State Department conceives of these consultations as being held at *frequent* (rather than at *fixed*) intervals and absolutely informal in character. When pressed as to the regularity with which such consultations might be held, he said that he thought they should be held at least once a week. It was suggested that, from our point of view, it might be preferable, in order to avoid any unnecessary waste of time involved in briefing the Canadian and United Kingdom Ambassadors separately, to have the discussions on the developing world situation held on a tripartite basis. However, Mr. Arneson feared that if any formal arrangements were made for meetings between representatives of the three countries, they would lose much of their value as purely informal candid exchanges of view. He expressed the hope that the consultations would be a "two-way street" and that Mr. Wrong would say what was in our minds as well as hearing what was in theirs. There was a danger, he thought, that if the talks were to be on a tripartite basis, the two Ambassadors might come with advisors and fixed positions would be taken up by the three governments. What the State Department had in mind was much more informal and flexible and they were inclined to feel that this could be realized best on a bilateral basis. He agreed, however, that if the talks were to commence on a bilateral basis, the possibility of extending them to three-way discussions should not be excluded. On our side, it was agreed that we would not exclude the commencement of bilateral talks on this understanding.

5. Mr. Arneson went on to outline what kind of consultation the State Department had in mind. He said that at long last serious attention was being given in the Departments of State and Defence to an analysis of the world situation in terms of a catalogue listing the critical areas and situations all around the periphery of the Soviet bloc. Headway had already been made in discussions with the United Kingdom representatives on points of friction in Europe, and the State Department had found that the views of the United States and United Kingdom Governments on most of these points were close. No agreement had yet been reached, however, on the cataloguing of Far Eastern points of danger or on what could or should be done about them. We gathered that the United States study of this question is in a very preliminary stage at present. We pointed out that Canadian interests and knowledge were more limited in scope than those of either the United Kingdom or the United States, but we would be glad to discuss these questions with them, on the understanding that we might not, in all cases, have much to contribute.

6. Coming to the particular problem under discussion, of how to deal with the U.S. Strategic Air Command request for the use of facilities in Canada and for

permission to overfly Canadian territory, Mr. Arneson said that the State Department's approach to the problem was necessarily conditioned by the constitutional inability of the President to enter into arrangements with any other government which would in effect give another government the right to veto the President's decision to use the bomb. The basic problem is broad terms, as it seemed to the State Department, was of reaching agreement with the United Kingdom and Canadian Governments as to the seriousness of the overall world situation at a given time, rather than one of working out procedures for consultation or notification as to whether the bomb should be used in a given crisis.

7. If the United States, the United Kingdom, and the Canadian Governments had consulted frankly and freely on all possible circumstances which they could foresee in which the bomb might have to be used, the final decision of the United States Government could be taken on very short notice indeed. It might have to be taken while bombs were falling on Washington. Then there would be no question of delay for consultation or even for notification. From this extreme example, the spectrum of possibilities ranged all the way from a direct Soviet attack on a member of the North Atlantic Treaty to an attack by Soviet or satellite forces on United States troops outside the North Atlantic area. As we pointed out, we could not possibly agree in advance to regard any attack, even a direct Soviet attack on U.S. forces outside the North Atlantic area, as necessarily a reason for using atomic bombs. Mr. Arneson made it clear that no such automatic decisions in advance were being contemplated by the U.S. Government.

8. Recognizing frankly that in some cases the U.S. Government would automatically and immediately decide upon retaliation with atomic weapons, Mr. Arneson argued that it would be very difficult to reach an agreement in writing between the two governments as to where the line should be drawn. If we agreed that it was unrealistic to expect even prior notification in the case of an attack on the continental United States, would we be prepared to agree that notification without consultation was sufficient in the case of Soviet attack on a NAT member? — or upon the forces of a member outside the North Atlantic area? Such questions, he realized, were almost impossible for us to answer. He wondered, therefore, if instead of trying to draw up a list of hypothetical contingencies, to which both governments would find it difficult to subscribe, it would not be preferable to proceed by means of frequent informal consultations such as he had described, rather than attempting to negotiate a written agreement.

9. He also questioned the desirability of defining as sharply as our comments on the original U.S. proposals for a "canopy" agreement had indicated, the distinction between the deployment of bombs without nuclear components and the deployment of nuclear components. He explained that, although the decision to deploy nuclear components was set out in U.S. procedure as a separate step (requiring the separate authorization of the President on the recommendation of the Secretaries of State and Defence, and the Chairman of the Atomic Energy Commission), officials in Washington concerned with such matters were coming more and more to the conclusion that the distinction between the deployment of bombs and the deployment of their nuclear components was not a very real one. He thought the military had to be trusted to respect the law that only the President could authorize the use of the

bombs and he did not believe it was realistic to suspect that the military would attempt to trespass on this authority. Some people were much too fearful, he thought, about what would happen if the military were given custody of complete bombs which it was very desirable should be dispersed where they could not be knocked out at a single blow. The deployment of nuclear components meant a further state of readiness, and it was in the interests of all that the USSAC should be as ready as possible for any eventuality. Hours might be of great importance in the event of a crisis. He therefore hoped that we would not make too much of the distinction. We pointed out, however, that it nevertheless did represent the penultimate stage in the President's decision to use the bomb and, as such, was of very considerable importance to us as an indication of the seriousness of the situation.

10. Mr. Arneson also asked whether it was our wish that questions of deployment of bombs and overflight of Canadian territory by the SAC should be handled through diplomatic rather than Service channels, to which we replied emphatically in the affirmative. With this he appeared to be quite in agreement.

11. After the conclusion of the meeting with you, Mr. Arneson remarked to the others that he wanted us to know that the State Department was on the same side of the fence as we were — in favour of civil control over the military.

Comment

12. I am inclined to think that we were perhaps led into blurring the distinction between use of Canadian facilities and overflight of Canadian territory and strikes from bases in the U.S. or countries other than Canada.

R.A. MACKAY

693.

DEA/50069-C-40

Rapport d'une réunion

Report of a Meeting

TOP SECRET

Ottawa, May 22, 1951

DISCUSSION OF USSAC PROJECTS ON MAY 17
HELD IN THE MINISTER'S OFFICE

On May 17, 1951 a discussion was held in the Minister's office arising from the meeting with Mr. Arneson of the State Department in Mr. Heeney's office on Saturday, May 12. There were present Mr. Pearson, Mr. Wrong, Mr. Robertson, Mr. Heeney, Mr. MacKay, Mr. LePan and Mr. Kirkwood. There were on hand a report on the discussion with Mr. Arneson which had been prepared by Mr. George for the Under-Secretary and also Mr. Ignatieff's notes on the same talk (copies of the latter attached).

New Orientation of U.S. Thinking

2. It was agreed that the most significant feature of what Mr. Arneson had said was the revelation that in Washington it was now assumed that (a) the only prospect of a major war is in the occurrence of open hostilities between the U.S. and the

U.S.S.R., (b) such hostilities would inevitably mean a major war, and (c) in the event of such a war the atomic bomb would be used, but only in such an event. The important question now is what circumstances would lead to open hostilities between the U.S. and the U.S.S.R.

3. It was agreed that the Canadian Government must accept the assumption that, in the event of such a major war under the present conditions, the atomic bomb would be used. After discussion it was also agreed that it would be very difficult to challenge this assumption at some future time unless the strategic balance should alter radically in the interim, and probably even in that case.

The Problem for Canada

4. It was agreed that, in view of the foregoing, Canada might still retain a technical right to refuse permission to the U.S. to launch atomic strikes from bases in Canada, but that in fact this right was little more than academic. If a war should break out and the bomb be used, Canada would be fully involved from the outset. Thus our only effective participation in decisions governing the use of the bomb must consist in our exercising what influence we can in discussion of the circumstances leading to the outbreak of war. We can, for instance, state at any particular time that we do not consider the existing circumstances to justify the conclusion that war with the U.S.S.R. is imminent. Even if our conclusion differed from that of the U.S., it might have some deterrent effect.

The Proposal for a "Canopy" Agreement

5. Our letter No. D-1819 of May 4 to Washington made use of the distinction between nuclear and non-nuclear components of the bomb. It was suggested that this distinction is no longer of particular significance, and that in reaching any agreement with the U.S. on paper it should be played down somewhat.

6. It appeared, however, that a more fundamental issue had been brought out in the talk with Mr. Acheson. Under the McMahon Act the President had the ultimate responsibility of deciding on the use of the bomb. The Administration were therefore most unwilling to be put in the position where they would have to say to Congress, if asked, that other governments had to be consulted. On the other hand, the Canadian Government would find it most embarrassing if the U.S. Administration were to say that no other government need be consulted about use of facilities in its territory for atomic strikes. It appeared that this issue was sufficient to prevent any formal agreement about consultations prior to use of facilities in Canada in terms which would be acceptable to both parties. For this reason Mr. Arneson, in effect, had suggested that the idea of a formal "canopy" agreement be abandoned and that the informal arrangements for discussions on the developing international situation should serve in practice at least to keep the Canadian Government fully abreast of developments which might lead to a decision to use the bomb.

7. It was mentioned in passing that our proposal to grant prior authority for atomic retaliation against a direct attack on North America, intended to be helpful, served merely to point up the fact that we were not prepared to give blanket prior approval.

8. It was agreed, finally, that we should work for an agreed record of the discussion with Mr. Arneson, covering in some detail the proposals for political discussion and its relation to the question of the use of the bomb. We should attempt in addition to reach a specific agreement on the procedure to be followed in connection with the clearance of the S.A.C. activities on and over Canadian territory, to ensure in particular that arrangements should be made through diplomatic channels for movements of both nuclear and non-nuclear components of atomic bombs. Our assurance that the USSAC would in fact comply with the terms of such an agreement must rest on the fact that under United States law any deployment of nuclear components (and, in practice, of non-nuclear components as well) must be authorized by the President on the advice of the Secretaries of State and Defence and the Chairman of the Atomic Energy Commission. Hence there was little risk of any such movements occurring without the knowledge of the State Department.

9. While we would not insist on consultation for overflight of Canadian territory in training exercises and non-emergency deployment, the fact that such notice must be given through the diplomatic channel would permit us, if we are really kept informed about the U.S. appreciation of the strategic and political circumstances, to answer requests for clearance in a manner which compelled consultation.

Routine Procedure

10. It was recognized that under the circumstances outlined we would be responsible for suggesting a procedure for obtaining rapid clearance. It was proposed that Mr. Pearson should write Mr. Claxton suggesting a direct channel for clearance between this Department and the Chief of Air Staff (to be used of course only for the technical aspects of the clearance and not the political), in order to avoid the loss of time involved in communicating through the Chiefs of Staff Organization to the Chief of Air Staff.

Political Discussions

11. Mr. Ignatieff, who had spoken to Mr. Arneson since the talk on Saturday, May 12, expected the State Department to take the initiative in opening talks with Mr. Wrong next week. There was some discussion of the conditions of Mr. Wrong's participation.

12. While it was considered desirable that the talks should be tripartite, rather than two separate series of bilateral discussions involving in the one case Sir Oliver Franks and in the other Mr. Wrong with representatives of the U.S. Government, it was recognized that Mr. Arneson had been given to understand that we were prepared, initially at least, to accept the United States' preference for separate bilateral discussions.

13. There was some discussion as to the probable nature of the talks. One suggestion was that they should constitute political consultation at a very senior and confidential level between close allies on any matters of major concern. On the other hand, it was pointed out that in fact our admission to these talks rested on our special position in atomic energy matters, and that if the content of the talks strayed too far from such matters then the U.S. would rapidly come to regard them as a formality as far as Canada was concerned, although the talks with the U.K. might

serve a genuine and important purpose. It was agreed that Mr. Wrong should attempt to strike a note somewhere between these two extremes, so that the talks would rest rather more than indirectly on Canada's position in atomic matters but not entirely on that position. It was mentioned that Mr. Arneson's suggestions had pointed toward an arrangement that should be as flexible as possible, and on the whole this would appear to serve our purpose.

Summary of Discussion Concerning Political Talks

14. Mr. Wrong asked for explicit answers to certain questions that would serve to guide him on his return to Washington. It was agreed:

(i) that he should accept an invitation to participate in talks such as had been proposed, and

(ii) that his acceptance could precede any further exchange of paper with U.S. authorities.

The suggestion concerning the emphasis which Mr. Wrong should seek to achieve in these talks (see para. 13 above) was re-iterated, and it was added

(iii) that we want through these talks to learn of the political and strategic circumstances which would lead (as indicated in paras. 2, 3 and 4 above) to the use of the bomb. It was recognized that such information might not be the prime object of the U.K. representative in these talks.

15. Finally, it was agreed

(iv) that the question of a procedural agreement to govern deployment, training etc. was entirely separate from participation in the talks and would be followed up by separate negotiations to be initiated in Ottawa.

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694.

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 WISER NO. 1 Washington, May 26, 1951

TOP SECRET

Reference: Your letter D-1819 of May 4th, 1951.

CONSULTATIONS ON THE WORLD SITUATION

1. The first of the meetings at the Department of State on developments in the world situation which might lead to the use of atomic weapons took place yesterday afternoon with the Secretary of State presiding. Mr. Paul Nitze, Director of the Policy Planning Staff, did most of the talking. Mr. Freeman Matthews, Deputy Under-Secretary of State, and Mr. Gordon Arneson, Special Assistant on Atomic Questions, were also present. Mr. Ignatieff accompanied me to the meeting, and he has prepared at my request a full record of the proceedings, of which I enclose three copies.

2. There is little for me to add to the contents of the enclosure. Mr. Nitze had with him a fairly lengthy paper to which he referred, but there was no suggestion that a copy should be given to me. I gather that in the parallel discussions with the British Ambassador Sir Oliver Franks has been guided by a paper approved by the British Chiefs of Staff and the responsible Ministers, but has not given a copy of the paper to the State Department.

3. Mr. Nitze at one point remarked that there was not as yet a complete agreement between the Department of Defense and the State Department on the contents of the paper to which he was referring, but that he hoped that agreement would be reached shortly. The intention is before long to bring General Bradley and perhaps General Vandenberg directly into these discussions. So far there have only been two meetings with the British Ambassador, which, according to Mr. Nitze, covered much the same ground as that covered yesterday with me. In neither of these meetings have the Joint Chiefs of Staff been directly represented.

4. In order to make good use of the opportunities offered by these consultations it is very desirable that I should receive as promptly as possible comments, even though they may be of a very preliminary character, on my reports of the meetings and suggestions about questions which might profitably be raised. The general tenor of the opinions expressed yesterday was to the effect that atomic weapons should only be employed in the event of a general war against the Soviet Union, that they should be immediately employed if such a war were to take place, and that the real problem for consideration revolved around the identification of circumstances at certain points around the periphery of the Soviet Union as being the opening stages of a general war. I should appreciate receiving your early comments on this thesis, which is, of course, amplified in the enclosed memorandum.

5. It will, I think, be necessary for me to receive with as little delay as possible the appreciations produced in Ottawa which bear on the main topic, and also such related papers as would aim me in bringing out particular issues. For example, I do not know how much information is available to the Canadian Government on the estimated capacity of the atomic installations in the Soviet Union, the possible production rate of atomic weapons there, and the capability of the Soviet Airforce to deliver these weapons, and I should welcome the prompt receipt of anything you may have on this topic at once. It is clearly of substantial importance in considering the rapidity with which atomic weapons should be employed in certain circumstances against the Soviet Union, and it therefore affects such issues as the period available for consultation between governments before the use of atomic weapons is authorized.

6. You will note that Mr. Acheson expressed himself as disinclined at present to put these consultations on a tripartite basis. The only argument which he used was the risk of some knowledge that they were taking place reaching the French authorities and the resentment which they would feel if the procedure became known to them. He remarked that he was having a great deal of trouble on this score already. I am satisfied that the meetings would be more productive if they were placed on a

tripartite basis. I am thinking of talking the matter over fully with the British Ambassador.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET

RECORD OF THE FIRST MEETING OF CONSULTATION TO ASSESS THE WORLD SITUATION AND THE RISK OF WAR, MAY 25, 1951

Arising out of the informal discussions which have taken place between the State Department and the Canadian Embassy in Washington with regard to U.S. Strategic Air Command projects affecting Canada, the first preliminary meeting of consultation to assess the world situation and the circumstances which might give rise to war and the use of atomic weapons took place at the State Department on Friday, May 25, 1951. Those present on the United States side were:

The Hon. Dean Acheson, Secretary of State,
Mr. Freeman Matthews, Deputy Under-Secretary of State,
Mr. Paul Nitze, Director of Policy Planning Staff, and
Mr. R. Gordon Arneson, Special Assistant on Atomic Energy Matters,

and on the Canadian side:

The Ambassador and
Mr. G. Ignatieff.

2. The talks opened with a brief discussion on procedure. Mr. Wrong explained that it had been agreed that he should participate in these continuing consultations on an informal basis. He would have preferred that they take place trilaterally, with the British Ambassador present, and that they should be frequent. He assumed that the talks would take place within the framework of the responsibilities assumed by the United States for the strategic air offensive of the North Atlantic Treaty military plans and the arrangements for tripartite collaboration in the field of atomic energy between Canada, the United Kingdom, and the United States. Mr. Acheson said that he would prefer to keep the arrangements for consultation as flexible as possible and for the time being at least to regard these talks as informal meetings between himself and members of his staff and the Ambassadors of Canada and the United Kingdom respectively and not to make them trilateral meetings, which might be misunderstood by other governments, particularly the French. The meetings would take place frequently and would provide the opportunity to inform the Canadian Government of the development of thought in the United States Government on the world situation and the risks of war as well as the attitude of the United States to specific problems which might result in general war.

3. Mr. Acheson then asked Mr. Nitze, as a basis for further discussion, to outline the general approach which the State Department contemplated in these consultations. Mr. Nitze then outlined the State Department thinking under two main heads:

(a) general assumptions, and

(b) assessment of risks of war in relation to specific areas on the periphery of the U.S.S.R.

(1) *General Assumptions*

4. The first general assumption was that these consultations would be addressed to consideration of the circumstances which might result in a state of general war rather than to the question as to whether atomic weapons should be used or not, since it could be assumed that atomic weapons would not normally be used except in a state of general war. It could also be assumed that in the event that there were a general state of war, atomic weapons would be used.

5. It would also be necessary to assume that the U.S.S.R. had at its disposal atomic weapons and was therefore capable of taking offensive or retaliatory action against the United States and its allies. It was recognized, therefore, that the decision to use atomic weapons by the United States would involve the risk of retaliatory action by the Soviet Union.

6. It would be necessary to have general public support and understanding of the necessity of using atomic weapons among the peoples of the United States and its allies. The Soviet Government was doing its best to try to confuse the understanding of these issues by false appeal to the moral aspects of the problem and by demanding the outright prohibition of the use of atomic weapons through such propaganda devices as the Stockholm Peace Appeal. It was suggested that in relation to this aspect of the problem the Resolution of the General Assembly of November 23, 1949, should be accepted as a rejection of the Soviet thesis on atomic weapons.

7. The United States Government cannot enter into arrangements with any other government which would in effect give another government the right to veto the President's decision to use atomic weapons. Before taking a decision, the President would seek the advice of the U.S. Joint Chiefs of Staff on the military aspects of the problem as well as the advice of the Secretary of State, the Secretary of Defense, and the Chairman of the United States Atomic Energy Commission. At the conclusion of his talks with Mr. Attlee, President Truman had publicly declared his intention to consult with the United Kingdom Prime Minister on conditions which might give rise to the use of atomic weapons. A similar understanding had been extended to the Canadian Government. These understandings were premised on a realization of the extent to which the interests of the three countries were interlocked in the issues of war and peace and that the security of one could not be jeopardized without bringing into jeopardy the safety of the others.

8. It was recognized also that the principal effect of atomic weapons is its deterrent influence. The Soviet Government was fully aware of the consequences which would flow from the outbreak of general war, and this knowledge had an impact upon its policies. The question had to be considered, however, as to whether this deterrent effect could best be utilized by the making of a diplomatic ultimatum to the Soviet Government in any given circumstance or whether it were better to rely upon a more indirect warning of the type issued by the Secretary of State in relation to Yugoslavia in his reference to endangering "the fabric of world peace". (The

Secretary of State expressed the opinion on this point that the United States political system did not lend itself readily to the use of ultimata, but consideration might have to be given in a specific instance to more precise warnings to the Soviet Government through diplomatic channels.)

9. Finally, it could be assumed that the U.S.S.R., if contemplating general war, would try to put the onus for the initial use of atomic weapons upon the United States and its allies. At the same time it could be assumed that the Soviet Union would be prompt in using atomic weapons, explaining such use to their own public and to the peoples of the world as a measure of retaliation. It was therefore particularly important that there should be consultations with the Canadian Government of the kind now contemplated, since the circumstances which might give rise to the use of atomic weapons might vary from cases of clear and outright aggression by Soviet forces to the less clear-out or "grey areas" of diplomatic pressure, Communist subversion, or indirect aggression through the use of satellite forces.

(b) *Assessment of Risks of War in Relation to Specific Areas on the Periphery of the U.S.S.R.*

10. Mr. Nitze suggested that it might be useful to make a brief *tour d'horizon* of the periphery of the Soviet Union, area by area, as a basis for considering the kind of situations which might have to be considered by the United States as *casus belli* against the Soviet Union.

North Atlantic Treaty Area

11. In the event of a massive attack by Soviet forces against any country signatory to the North Atlantic Treaty, the situation would be relatively clear, namely, the United States would have to consider this situation as a *casus belli*. This would include massed attack against ground forces, or aircraft of any of the occupation forces in Germany. It was recognized that the implications of the statement issued by the Foreign Ministers of France, the United Kingdom and the United States after their meeting in New York on September 19th as it relates to the defence of Western Germany and Berlin required clarification. This is the statement which includes the sentence: "They will treat any attack against the Federal Republic or Berlin from any quarter as an attack upon themselves". It was also recognized that there were some marginal cases in the North Atlantic Treaty area which would require clarification, such as an attack upon Finnmark or the Island of Bornholm in the Baltic.

Finland

12. An attack upon Finland by the Soviet Union would have to be considered on its merits. The United States had no outstanding obligation in regard to the security of Finland and no automatic *casus belli* would be involved.

Yugoslavia, Greece, and Turkey

13. The general approach to these countries is that these areas cannot be permitted to be taken over by the Soviet Union without gravest consequences to the security of the members of the North Atlantic Treaty. In the case of Yugoslavia and Greece, the attack, if it came, would probably be of satellite origin rather than from

the Soviet Union itself. At the present time the United States and United Kingdom Governments are of the opinion that such an attack could not be allowed to succeed without some intervention on their part, but an effort would be made to try to localize the fighting to the country attacked as well as to the country of the attacker. Unless the Soviet Union were itself to intervene openly, efforts would be made to prevent the resulting situation leading to general war. In other words, no automatic *casus belli* would follow a satellite attack on Greece or Yugoslavia and every effort would be made to prevent the situation from deteriorating by the taking of prompt action in support of the attacked countries. Atomic weapons could no doubt be used in their deterrent effect in diplomatic representations to the Soviet Union. The case of Turkey was rather different, since none of the Communist satellite states had sufficient resources to attack Turkey without the overt support of the Soviet Union. An attack on Turkey therefore would, in the opinion of the State Department, gravely present the United States and its allies with a possible *casus belli* leading to general war.

Iran

14. While so far the United States has not contemplated this area in terms of a possible *casus belli* with the Soviet Union, it is recognized that a military situation might develop in this area in which the risk of general war would have to be faced. For instance, if the United Kingdom Government were to become involved in local hostilities in the protection of British lives, and if this were followed by overt Soviet intervention, it might be necessary for the United States to react in a military way to prevent the destruction of British forces by Soviet military action. It was recognized that the defeat of the United States and Great Britain in Iran by Soviet military action could have very serious consequences to the security of the Middle East generally.

Afghanistan

15. This has not been considered as an area which might involve a *casus belli.*

India and Pakistan and South and Southeast Asia

16. These countries and this area generally were not at present regarded as involving the risk of Russian military effort. Chinese Communist interests are more likely to be predominant, and the risks of general war resulting from a possible Soviet intervention are not considered as substantial.

Japan and Korea

17. The overt use of force by the Soviet Union in the area of Korea or Japan would directly involve the Soviet Union with the armed forces of the United States. It would therefore be necessary to assume that in the event the Soviet Union directly intervened with military force in this area, the Soviet Government was prepared to accept the consequences of general war. It would be necessary, therefore, for the United States to consider taking immediate retaliatory action. (It was for this reason, observed Mr. Acheson, that the consequences of General MacArthur's proposals for more direct military pressure upon the mainland of China were so replete with danger.)

Attack on American Forces

18. Mr. Acheson remarked on this point that if the Soviet Union were prepared to authorize any attack on American forces, they must be aware of the dangers of immediate retaliation. It must be assumed, therefore, that if American forces were attacked by Soviet armed forces, it would be on a substantial scale and with the knowledge that this would almost certainly involve taking the risk of precipitating a general war. The reaction in the United States would have to be vigorous, not only locally, but centrally, against the Soviet Government. Developing this thought a little more precisely, Mr. Arneson observed that the first aim of the United States in the event of a general war would be to strike at targets in the Soviet Union which were being used or were capable of being used for the delivery of atomic weapons against the United States and its allies.

19. In concluding his presentation, Mr. Nitze said that in preparing this assessment of the risks of war the State Department had to take into consideration not only the capabilities of the Soviet Union and its satellites, but also their intentions. More information was available on their capabilities than on their intentions. For a study of Soviet intentions the State Department had to rely upon such unsatisfactory material as the statements of Soviet leaders, such as Malenkov's address of a year and a half ago when he indicated that it was the Soviet intention to "unify Korea", to overthrow Tito, and to establish Berlin as the centre of a unified Germany.

20. Mr. Acheson invited Canadian comments on the views put forward by Mr. Nitze. He expressed the hope that the consultations would result in an exchange of views. Mr. Nitze observed that the views which he had put forward had not yet been checked in detail with the Department of Defense and that he hoped to be able to do this before the next meeting. The Canadian Ambassador said that he would report the substance of the State Department's views and hoped to have some comments and questions to put at the next meeting. While no date was set for the next meeting, it was understood that the consultations would take place at regular intervals, not more than two weeks apart. Mr. Acheson and Mr. Nitze emphasized the desire of the State Department that the greatest security precautions should attach to these talks. In so far as the State Department was concerned, only Mr. Acheson, Mr. Freeman Matthews, Mr. Paul Nitze, and Mr. Arneson would participate in the consultations, and General Bradley would be invited to participate from the Department of Defense. Mr. Wrong replied that the importance of security precautions was fully appreciated on the Canadian side and that, in addition to himself, only Mr. W.D. Matthews and Mr. Ignatieff would be aware of the talks, and the Ambassador's secretary.

21. After the meeting, Mr. Arneson said that he had made a verbal report to Mr. Lovett, the Deputy Secretary of Defense, on the results of his conversation in Ottawa in regard to U.S. Strategic Air Command projects. Mr. Lovett had expressed himself as entirely satisfied with the arrangements now contemplated for continuing consultations on the world situation and the circumstances which might give rise to the use of atomic weapons. He was also satisfied with the suggestion that the diplomatic channel should be used for individual requests concerning the

deployment by the U.S. Strategic Air Command of materials or aircraft to bases in Canada or over Canadian territory. Mr. Arneson said that the Secretary of State would like to be able to write a letter to Mr. Lovett to confirm the informal arrangements agreed with the Canadian Government so that the Department of Defense would have the same understanding of these arrangements as the Department of State.

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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 WISER NO. 2 Washington, May 26, 1951

TOP SECRET

U.S. STRATEGIC AIR COMMAND PROJECTS

1. At the meeting on May 17th which I attended in Mr. Pearson's office Mr. Pearson expressed his desire that the arrangements which had been discussed in Ottawa with Mr. Arneson a few days before should be recorded in some form of written understanding with the Department of State. The State Department itself is also anxious that this should be done, and considers it necessary that a reply should be sent by the Secretary of State to the Secretary of Defence to the letter from the latter enclosing the document entitled "Proposed Substance of a Communication with the Canadian Government" (i.e. the suggested canopy agreement), which was enclosed with my letter no. 19 of January 3rd. Mr. Arneson yesterday suggested that we might informally agree on the terms of such a letter, which we would send to the State Department; its acknowledgement would constitute a record of the understanding.

2. I told Mr. Arneson that I thought that this procedure would be acceptable but that I was not in a position to discuss a draft with him until I received some written guidance based on the discussion in Mr. Pearson's office. As you mentioned that such guidance would be furnished, I assume that I should receive it very shortly.

3. Mr. Arneson also said that he had seen Mr. Lovett last week at Mr. Acheson's request, and had gone over with him the tentative basis for an understanding which was arrived at during Mr. Arneson's visit to Ottawa (see in particular the record made by Mr. Ignatieff dated May 15th of this meeting, of which I left a copy in Ottawa). Mr. Lovett had received these suggestions cordially, saying that he quite understood the difficulties of the Canadian Government in making specific arrangements on the lines of the proposed canopy agreement and that he was quite prepared to accept the suggestion that particular clearances involving the deployment, etc., of atomic weapons to, through or over Canadian territory should be arranged through diplomatic rather than service channels. Mr. Lovett also cordially sub-

scribed to the idea of continuing consultations on circumstances which might give rise to general war, with the Canadian as well as with the British Government.

4. Mr. Arneson mentioned another good reason for having some record of our understanding on paper, as the proposed exchange of letters would set out not only the arrangements arrived at with the State Department but also the arrangements between the State and Defence Departments, and would therefore reduce the chances of misconceptions, particularly in the United States Air Force.

H.H. WRONG

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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-2338 Washington, June 1, 1951

TOP SECRET. PERSONAL.

Following for Heeney from Wrong, Begins: My Letter Wiser No. 2 of May 26th, U.S. Strategic Air Command projects.

1. In order to assist in getting some agreed record of the procedure of consultation and notification, I drafted a letter to the Secretary of State and asked Ignatieff to show it to Arneson for comments before submitting it to you for the Minister's approval. Arneson suggested a few changes and asked for a chance to discuss it with others before I took it up with Ottawa. My letter was concerned wholly with the procedural arrangements for consultations and for dealing with requests to use Canadian territory in connection with the deployment of atomic weapons.

2. Arneson came to see me yesterday, after talking the matter over with Freeman Matthews and Perkins. We found that his position had changed somewhat from that described in my Letter No. 1951 [Wiser No. 2]. His main concern was that the Defense Department would be upset if, as a result of discussions with the Canadian Government which have now been going on for five months, all that could be told them by the State Department in reply to their proposal for a "canopy" agreement was that some new procedural arrangements had been brought into effect which fell far short of their desire to secure a specific understanding covering future activities. He asked whether it might be possible for the State Department in replying to the Defense Department to indicate the probable attitude of the Canadian Government in the various circumstances which might involve the use of Canadian territory in connection with atomic weapons.

3. I told him that I was not impressed by this argument. We were setting up procedures which had as a principal object a continuing review of developments throughout the world which might give rise to general war. While it was to be hoped that as a consequence the two governments would tend to draw similar conclusions, we could not now assume that this would be the case, as this would be to

anticipate the possible results of consultations which had just been inaugurated. All that had been agreed up to now was in the realm of procedure. If the State Department thought it necessary to say more than this to the Defense Department, it would have to do it on its own responsibility and not on the basis of any assurance from the Canadian Government.

4. Mr. Arneson then reverted to an early suggestion (rather on the lines of the "canopy" agreement) that Canada might agree in advance to the use of Canadian territory for the deployment in peace-time of atomic weapons subject only to notification in each case. He said that such deployment was necessary to utilize the deterrent effect of these weapons and that a very clear distinction would be maintained by the U.S. Government between their deployment and their use for actual strikes. I said that if notification was to be regarded as involving agreement by the Canadian Government in each case, this might well be acceptable, but if so, it hardly constituted any change in present arrangements.

5. Mr. Arneson then raised the necessity of having any written record, stating that so far as he knew there was no written understanding with the British Government either about political consultations or about deployment of the weapons to U.K. bases. I answered that I did not consider Canada was in the same position as the United Kingdom and, in any event, the view was taken in Ottawa that there were substantial advantages in having an agreed record of the procedures which were being followed. I added that I thought unimportant the form in which the record was made; I had put it in a draft letter to the Secretary of State as this would be a normal form, but it would be satisfactory if an unsigned minute setting forth the agreed procedures could be placed on the files in Washington and Ottawa.

6. Arneson thought this suggestion might be acceptable to the State Department. The Department of Defence could then be informed of the procedural arrangements set forth in the minute and the Secretary of State could supplement this with an explanation of the results which he hoped to achieve. He agreed with my remark that the senior civilian officials concerned in the Department of Defense, General Marshall, Mr. Lovett, and Mr. Finletter, would understand the position of the Canadian Government, but he was doubtful about the effect on some of the generals. I suspect that General LeMay of the S.A.C. is constantly urging that he be given a freer hand.

7. It was left that I should submit to you a draft minute for consideration in Ottawa and that on receipt of your comments there should be a further discussion with Arneson. He agreed that the language used in the draft minute might follow that employed in my draft of a letter to Mr. Acheson. I shall submit a draft in a following teletype.

8. In the course of this discussion I referred again to the possibility of placing the consultations on a tripartite basis, on the ground that this ought to lead to better understanding by all three governments and therefore increase the chances of rapid concerted action in case of need. I told him that we would wish to complete the triangle by consultation with the United Kingdom if separate bilateral discussions with the United States were continued.

9. Since he did not raise any objection, I have now discussed these matters with Sir Oliver Franks. I find that the British Government is concerned for reasons parallel with out own, i.e., on general grounds because of the consequences of the use of atomic weapons by the United States anywhere, and on particular grounds because of the facilities in the United Kingdom of the Strategic Air Command and the need for ensuring that these facilities are not employed for strikes without the approval of the Cabinet. There has been no written agreement on procedure, but Franks expects one to be prepared before long, and he will be discussing this in London later this month. Franks and I agree that we should keep in contact on these matters. Ends.

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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-2342 Washington, June 1, 1951

TOP SECRET. PERSONAL.

Following for Heeney from Wrong, Begins: My message WA-2338 of June 1st, para. 7. U.S. Strategic Air Command Projects.

1. There follows a suggested draft minute recording the arrangements for consultation and notification. The introductory paragraphs have not been shown to Arneson. The numbered sub-paragraphs have been seen by him and the last sentence of sub-paragraph 1 has been inserted at his instigation. He attaches some importance to it. I think it advisable to get this matter tidied up and hope you may be able to send me comments early next week.

2. The following is the draft text:

"In the communiqué issued on December 8th at the conclusion of the talks between Prime Minister Attlee and Mr. Truman, the President stated that "it was his hope that world conditions would never call for the use of the atomic bomb". The communiqué continued: "The President told the Prime Minister that it was also his desire to keep the Prime Minister at all times informed of developments which might bring about a change in the situation". The State Department informed the Canadian Embassy on December 9th that the Canadian Government was in this respect in the same position as the United Kingdom Government.

Discussions have also taken place between the two governments as a result of the desire of the United States Air Force to make use of Canadian territory for the deployment, etc., of atomic weapons, and the following procedural arrangements have been put into effect:

(1) Frequent consultations shall take place in Washington between the Canadian Ambassador and the Secretary of State and such other officers of the United States Government as may be designated by him. The purpose of these consultations is to

exchange views on developments in the world situation which might call for the use of atomic weapons. The consultations are informal and exploratory and are not to be regarded as involving or implying any commitment on the part of either government as to the action it will take or the position it will adopt in particular circumstances yet to arise. It would be the hope that by such consultations it will be possible to arrive at common appreciations of situations which may call for the use of atomic weapons.

(2) Requests of the Government of the United States for permission to make use of facilities in Canadian territory for the deployment of atomic weapons (both without and with their nuclear components), or to overfly Canadian territory with such weapons, are to be addressed to the Canadian Government by the Department of State through the Canadian Embassy in Washington, and the reply of the Canadian Government is to be routed through the same channels. As much advance notification as possible will be given by the Government of the United States, and on its part the Government of Canada will seek to answer such requests promptly.

(3) These arrangements shall be regarded as subject to modification by mutual consent at any time." Message Ends.

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

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

LETTER NO. 1 Ottawa, June 11, 1951

WISER—TOP SECRET

Dear Hume [Wrong],

Attached for your consideration are two letters and a number of other documents, dealing with various aspects of the special consultations which you have recently undertaken.

It has been decided that this subject will be given special treatment, with none of the material being recorded in the departmental filing system and with a system of special arrangements for the transmission and storage of the documents. The code word which we have chosen for this subject, which you will notice precedes the security grading on this and the attached documents, is the word "Wiser". We shall send you detailed instructions in a day or two for the handling of Wiser material, and this note is merely to explain why the word appears and to suggest that henceforth you apply it to your communications on the subject. We suggest your series of Wiser No. Letters should begin with your two letters of May 26th.

We intend that the word shall be used on telegrams as well as letters, and should be regarded as an identifying code name rather than a specific security classification.

Yours sincerely,
ARNOLD [HEENEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

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. 2 Ottawa, June 11, 1951

WISER—TOP SECRET

Dear Hume [Wrong],

The attached letter to you is in the name of the Minister but signed by me because of Mr. Pearson's absence today in Chicago and our desire to get all of these papers off to you by this afternoon's bag.

The Minister has, however, been over all of these points with us at length and I thought it better therefore to let you have them in time, rather than to wait for his signature to the covering letter.

Yours sincerely,
ARNOLD [HEENEY]

[PIÈCE JOINTE 2/ENCLOSURE 2]

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

Secretary of State for External Affairs
to Ambassador in United States

LETTER NO. 3 Ottawa, June 11, 1951

WISER—TOP SECRET

Dear Mr. Wrong,

I am enclosing a paper which has been prepared in the Department for your background instruction in the next of the informal discussions with the State Department on the circumstances which may give rise to war and the use of atomic weapons. I have approved the general line taken in this paper which, as you will see, deals both with the statement of general assumptions put forward by the State Department and with the particular questions which you have raised and which

flow from the first set of discussions. I have, however, certain general comments to make on the contents of this paper for your guidance.

(a) *Negotiation*

I do not think we shall get far by raising the general question as to whether the U.S. would be willing in certain circumstances to make a further attempt at negotiations with the U.S.S.R. I dare say that the reply of the State Department would be that, of course they were always ready for negotiation should circumstances be propitious. Nor do I think you should raise the question of the grounds for the failure of the Deputies of the Council of Foreign Ministers to reach an agreement. While I agree that it is hard to explain the irreconcilable attitude which the U.S. has taken up to the inclusion of the North Atlantic Treaty in the agenda of the Council of Foreign Ministers Meeting, I think the prestige of the Western Governments is now too deeply involved over this matter to allow them to give way. In any case, it is too late in my opinion to raise this matter now.

On the other hand, I attach importance to the suggestion that you might probe the current views of the State Department about the desirability or otherwise of renewing negotiations with the Russians on atomic energy as soon as the strength of the North Atlantic countries in conventional armaments has risen appreciably. I am enclosing a copy of Mr. LePan's memorandum to which reference is made and which will be useful to you in raising this matter. I myself feel that the U.S. is not so anxious as it was three years ago to work for a system of international inspection and control of atomic energy. Indeed, I got this impression quite strongly when I was at the General Assembly last year and the subject was under discussion. If this is the case, it would be useful for us to know their present views. It is becoming increasingly difficult simultaneously to accept the strategic doctrine that nothing should be done to hamper the use of atomic weapons since they are the most effective deterrent against Soviet aggression and at the same time to reiterate our attachment to the plan for the inspection and control of atomic energy adopted by the U.N. Assembly in November 1948. The two arguments are not necessarily inconsistent but they easily tend to become so.

(b) *The Imminence of War*

This raises the whole question of how far the Soviet Union are likely to be influenced by actions on the part of the Western Powers which they may think provocative. It is probable that the Soviet Government are acting on a long-term plan from which they will not easily be diverted by passing or local considerations. But it is possible that the timetable for the implementation of such a plan might be affected by actions which the Soviet Union regarded as provocative. In general, I should like to know how near the U.S. Government have come to accepting the doctrine of the inevitability of war with the Soviet Union. They seem to be moving in that direction. In addition to the section of the general paper which deals with this subject, I am also enclosing a brief further memorandum prepared by the Chairman of the Joint Intelligence Committee.

(c) *Consultation Prior to the Use of Atomic Weapons*

I am telegraphing you separately on this subject insofar as it affects our position regarding prior consultation before a strike launched from Canadian territory. The arguments set forth under this heading in the enclosed paper reflect the background of our thinking here on this subject. It may be, of course, that your informal talks with the State Department will develop so as to keep us very much up-to-date on any circumstance in which the U.S. might be prepared to launch a bomb. In that case, the question of last moment consultation or notification before the bomb is launched from a Canadian base would become less important as we should have had an opportunity to express our views in these discussions. It is always possible, however, that the discussions will decline in importance as time goes on. We might then be left in a position in which our only opportunity to put forward our views would arise as a result of our maintaining our position that we must be notified. At any rate, for obvious political reasons, it would be impossible for us to abandon that position. If the original attack did result from a Soviet attack on a North Atlantic country, no real problem would arise for us. If, on the other hand, it resulted from a U.S. assessment that the Soviet Union was going to begin a war in some area in which Canada has no treaty obligations, it would be a different matter. I suppose that at the present time the most likely case might arise if the Soviet Government intervened militarily in Korea and if the U.S. decided that this intervention was important enough in scale to herald a general war and that, therefore, they should launch an atomic attack on the Soviet Union. However, I think it would be both difficult and invidious to draw up categories of hypothetical situations in which we should or should not require previous consultation but rather that we should take our general stand on the necessity for consultation before an atomic attack is launched from Canadian bases.

(d) *The Employment of Atomic Weapons*

I think under this heading the questions raised in the enclosed paper might be tactfully explored with the State Department.

(e) *Warnings to the Soviet Union*

I am not too clear as what the Secretary of State had in mind when he said that consideration might have to be given in a specific instance to more precise warnings to the Soviet Government through diplomatic channels. Did he mean something between the type of statement which he issued in relation to Yugoslavia and an ultimatum to the Soviet Government? In general, I think that the policy of naming areas in advance as areas in which Soviet aggression would be regarded as a *casus belli* is a pretty dangerous one. The U.S., the U.K. and France have already in their public statement of September 19 announced that Berlin was such an area and they did this without any prior consultation with their North Atlantic Treaty partners. How do we know that they will not do it on the same basis again?

It is obvious that these discussions with the State Department may become extremely important. Indeed, the first in the series threw a good deal of light on

State Department thinking. I fully agree with you they would be more valuable still if they were on a tripartite basis, with the U.K. included.

Yours sincerely,
A.D.P. HEENEY
for Secretary of State
for External Affairs

[PIÈCE JOINTE 3/ENCLOSURE 3]

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

DOCUMENT NO. 1 [Ottawa], June 8, 1951

WISER—TOP SECRET

The first of the informal discussions between the State Department and our Embassy in Washington on May 26 on the circumstances which might give rise to war and the use of atomic weapons opened with a statement of certain general assumptions put forward by the State Department. In continuing these discussions, it may be appropriate to take up and discuss with the State Department several of these assumptions and to examine more closely, together with the State Department, the reasoning on which they are founded.

(a) *Negotiation*

It is perhaps noteworthy that in the State Department review of the world situation, the possibility of negotiation with the Soviet Union is not treated. It might be desirable to ask Mr. Wrong to raise this question with the State Department. Obviously, the present moment is not a propitious one for fruitful negotiation. On the other hand, it might be as well to get from the State Department an assurance that their eventual object was the negotiation of outstanding differences with the U.S.S.R.

Mr. LePan in a memorandum to you of May 30 has raised this question in connection with atomic energy negotiations and has suggested that we might probe the current views of the State Department about the desirability or otherwise of renewing negotiations with the Russians on atomic energy as soon as the strength of the North Atlantic Treaty countries in the conventional arms has risen appreciably. The prospects of a meeting of the Council of Foreign Ministers (at present extremely dim) is another aspect of this general question of negotiation. Mr. Wrong might be asked to obtain an appreciation from the State Department of the prospects of a meeting of the Council of Foreign Ministers, and failing such a meeting what attitude they take towards the possibility of a further attempt at negotiation when the military position of the West is stronger. The apparent cause of the present deadlock over the meeting of the Council of Foreign Ministers is the insistence of the Soviet Government that the North Atlantic Treaty and the question of U.S.

bases should be placed on the agenda of the Council for discussion. It is not altogether clear to us why the United States has been so insistent on excluding the North Atlantic Treaty from the agenda. If we consider that the Treaty is justified as a defensive alliance and is in conformity with the United Nations Charter, it is not easy to see why we should not be willing to defend it on these grounds at a meeting of the Council of Foreign Ministers. It is true that this will give the Soviet Union an opportunity to use the Council as a platform for attacking the Treaty. It would also, however, give the Western Powers an opportunity to defend it.

In general our object in raising the question of negotiation as our eventual objective would be to see that this positive aim should not be lost sight of in a fatalistic acceptance of the inevitability of war.

(b) *The Imminence of War*

There seems to be an underlying assumption in the State Department's thinking about the imminence of war that all the initiative in actions which might lead to a general war lies in the hands of the Soviet Union. On this assumption, the Soviet Union would be proceeding on a long term plan of aggression and the only question is when, in terms of this plan, the Soviet Union may decide to make war. This thesis leaves out of account the possible effect on the Soviet Union of actions on the part of Western Powers which may seem to them to be provocative. We have seen the effects of the same kind of thinking in the Far East, where the United States proceeded on the assumption that an advance up to the Yalu River would not provoke a Chinese reaction. There may be dangers in other areas of the world in this way of thinking. For example, it is quite possible that the inclusion of Turkey in the North Atlantic Treaty, especially if U.S. air bases were established on Turkish soil, might genuinely appear to the Soviet Government to be provocative and, if so, would increase the danger of war. Yet this consideration seems to have received scant attention from the U.S. Government in assessing the advantages and disadvantages of including Turkey in the North Atlantic Treaty. Similarly, of course, there may be occasions when gestures which seem to the Russians to be appeasement, may stimulate their aggressive propensities.

(c) *Consultation Prior to the Use of Atomic Weapons*

The State Department at the first of these meetings stated that the U.S. could not enter into arrangements with any other government which would in effect give another government the right to veto the President's decision to use atomic weapons. On the other hand, they reaffirmed President Truman's public declaration of his intention to consult with the United Kingdom and Canadian Governments on conditions which might give rise to the use of atomic weapons. It seems apparent that the U.S. tend to regard the present series of conversations as taking the place of procedures for consultation or notification as to whether the bomb should be used in a given crisis. Indeed, Mr. Arneson, in his conversations here on May 16, said: "The basic problem in broad terms, as it seemed to the State Department, was of reaching agreement with the United Kingdom and Canadian Governments as to the seriousness of the overall world situation at a given time rather than one of working out procedures for consultation or notification as to whether the bomb should be used in a given crisis." Our own attitude towards this question seems to have under-

gone some modification. On May 4, 1951, we instructed the Canadian Ambassador in Washington as follows: "We welcome the opportunity of your having continued discussions with Mr. Nitze but we trust that it is understood that we want nevertheless to be consulted (whatever the form of words used) through diplomatic channels at the highest political level on: (a) possible strikes from bases in Canada; (b) storage of fissionable components on Canadian territory; (c) overflight of Canadian territory by planes carrying fissionable components." On the other hand, after Mr. Arneson's visit, at the meeting held in your office on May 17, it was agreed that "Canada might still retain a technical right to refuse permission to the U.S. to launch atomic strikes from bases in Canada, but that, in fact, this right was little more than academic. If a war should break out and the bomb be used, Canada would be fully involved from the outset. Thus our only effective participation in decisions governing the use of the bomb must consist in our exercising what influence we can in discussion of the circumstances leading to the outbreak of war."

The original U.S. position was that they were prepared to notify us before a strike from Canadian bases with the exception that certain circumstances might conceivably make it impossible to do so. While they have not formally receded from this position, they have, as already indicated, made it increasingly clear that they hope that the present series of conversations may take the place of procedures for notification. It is pretty apparent that they would not agree to any prior formal obligation to *consult* us before the bomb was launched from Canadian bases. This does not necessarily imply that we should abandon our position of standing out for prior notification, nor, it is suggested, might the benefits of such prior notification necessarily be purely "academic". Much would depend, of course, on whether notification was interpreted by the U.S. as a last moment notice which gave us no opportunity to comment or whether they were willing and able to give us time, however short, in which to formulate our comments. In the latter case, of course, notification would merge into consultation. This seems the goal to be aimed at. A practical example may demonstrate the advantages which might result from our point of view. The U.S. would, in all probability, regard open and substantial intervention in the Korean war or against Japan as grounds for launching the atomic bomb. They might decide to launch an attack at once on Moscow. If they could be induced to accept an obligation to notify us in advance before a strike from Canadian bases, we might have a final opportunity to make our views known. It is not suggested that we could prevent the U.S. from taking such action, in all probability we should not wish to do so. We might, however, be able to put certain considerations before them which might conceivably affect their decision. We have seen so many examples of glaring contrasts between U.S. and U.K. intelligence appreciations in the course of the Korean war and we have so frequently found ourselves in closer agreement with the U.K. than with the U.S. appreciation that we have become more than a little sceptical about some of the information on which the U.S. Government sometimes proposes to act. For example, in the case referred to above, the U.S. might consider that they had proof of the "open and substantial" character of Soviet intervention in the Korean war and hence decide to launch the atomic bomb. On the other hand, our information might not agree with theirs and a last moment opportunity to put the facts as we saw them before Washington might

be important. Similarly, there might be occasions when we wished to call to the attention of the U.S. before the bomb was launched some political consideration to which we felt they were not giving sufficient attention. This, of course, would in effect be consultation, although the U.S. could not in advance accept it as such.

We have been informed by the State Department that owing to the President's responsibility under the McMahon Act for deciding on the use of the bomb, they would be most unwilling to be put in the position where they would have to say to Congress, if asked, that other governments had to be consulted. This position is quite comprehensible. It does not, however, necessarily appear to prevent the U.S. from accepting an obligation to notify the Canadian Government before strikes are made from Canadian bases. It may be that there has been some blurring of the distinction between the use of Canadian facilities and strikes from bases in the U.S. The same question may arise in connection with the U.K. and it is to be noted that the U.K. Government are concerned that the facilities in the U.K. of the Strategic Air Command should not be employed for strikes without the approval of the U.K. Cabinet.

It would seem undesirable to abandon our position with regard to prior notification, both on grounds of national sovereignty and of the possible practical benefits suggested above. If this is agreed, Mr. Wrong might be asked to put forward our position at the next meeting with the State Department without, however, making it appear we are taking up an uncooperative attitude which might interfere with the continued consultation with the State Department on the circumstances relating to the outbreak of war which may well prove in practice our best and perhaps only opportunity to make our views known.

(d) *The Employment of Atomic Weapons*

Mr. Wrong has put three general questions arising out of the first discussion held with the State Department on the use of atomic weapons. They are as follows:

1. Should atomic weapons be employed only in the event of war with the Soviet Union? The answer to this clearly appears to be "yes".

2. Should the Washington consultations, therefore, be chiefly concerned with the circumstances which might result in war with the Soviet Union? The answer again would appear to be "yes".

3. In the event of war with the Soviet Union, should atomic weapons be immediately employed?

It would probably be difficult to answer this question except in the affirmative. We know that the U.S. would be very nearly certain to employ them from the outbreak of a general war, at least one occurring during the next few years. Any suggestion on our part that we doubt the wisdom of accepting this principle in advance might arouse unjustified suspicions in the U.S. concerning our whole attitude, but this is to some extent a question begging a question. It all depends on what one means by "in the event of war". A case might arise, as has already been suggested, in which the U.S. regarded Soviet intervention in some area as substantial enough to warrant the interpretation that the Soviet Union was embarking on a general war and hence that an atomic attack on the Soviet Union should immediately be

launched. Some of her Allies might not agree with the U.S. interpretation of Soviet action. It is this kind of situation which might raise real difficulties and which makes one hesitate to agree in advance that "in the event of war" an atomic attack should at once be launched on the Soviet Union. It would be difficult, however, for Mr. Wrong to voice this kind of doubt in discussions with the State Department. He might, however, draw a distinction between acts of war or aggression against third parties (which might not indicate that the Soviet Union had commenced a general war) and hostilities against North Atlantic countries. We can only hope that by full preliminary discussion with the State Department on circumstances which might give rise to war with the Soviet Union it will be possible for us to examine the situation. The fact must be faced that should the U.S. decide to use the bomb, we should be fully involved from the outset.

(e) *Warnings to the Soviet Union*

We should agree with the conclusion arising out of the first discussion with the State Department that the real problem for consideration revolves around the identification of circumstances at certain points around the periphery of the Soviet Union as the opening stages of a general war. This in turn raises another question which was put by Mr. Nitze when he enquired whether the deterrent effect of atomic weapons could best be utilized by a diplomatic ultimatum to the Soviet Government in any given circumstance or whether it was better to rely on a more indirect warning of the type issued by the Secretary of State in relation to Yugoslavia in his reference to endangering the "fabric of world peace". In this instance, it appears that the attitude of the Canadian Government might be similar to that expressed by the Secretary of State, who intervened at this point in the discussions to say that the U.S. political system would not lend itself readily to the use of ultimata but that consideration might have to be given in a specific instance to more precise warnings to the Soviet Government through diplomatic channels. In general, it is felt that an extended policy of naming certain areas (not included in the North Atlantic Treaty) as areas in which Soviet aggression would be regarded as a *casus belli* might dangerously inflame the international situation.

PARTICULAR QUESTIONS

In addition to the discussion of general assumptions, the State Department has given us its assessment of the risks of war in relation to specific areas on the periphery of the U.S.S.R. The following are preliminary comments on a series of "particular questions" raised by Mr. Wrong in connection with this aspect of the problem.

(1) *Berlin and Western Germany*

The practical situation is governed by the agreements last fall between the United States, United Kingdom and France. The public announcement on September 19 stated that the three Governments would "treat any attack against the Federal Republic or Berlin from any quarter as an attack upon themselves", leaving no doubt that in such an event the provisions of Article 5 of the North Atlantic Treaty would be invoked. At the same time, it had been agreed secretly to "make clear that the Soviet Union is responsible for any attack upon Berlin or Western Germany by

the East German forces inasmuch as they are in occupation of the Eastern Zone". From this it might be inferred that, so far as the United States, United Kingdom and France are concerned, an attack in this area would not only be considered a direct attack upon themselves but would be considered as equivalent to an attack by the U.S.S.R. If this inference is correct, it could probably be assumed that an attack in force by East German forces would be treated as the beginning of a general war.

It is this decision — that the U.S.S.R. would be held responsible for an attack by East German forces — that represents a new element in the situation, and although other NATO members were not asked formally to endorse it, they did not indicate any dissent. (For a detailed analysis, see Departmental Memorandum on "Dangers of the Berlin Situation" dated March 2, 1951, and forwarded to Washington under despatch No. D-1318 of March 24).†

It is noted, however, that Mr. Nitze in discussing the Berlin problem with Mr. Wrong remarked that the public statement of September 19 (regarding the treatment by the Occupying Powers of an attack from any quarter as an attack upon themselves) required further clarification. It would be useful to know what was meant by this remark, since it is not clear from the wording of the secret agreement whether the phrase regarding the "responsibility" of the Soviet Union does, in fact, mean that the U.S. would regard an East German attack as equivalent to a Soviet attack in all respects, and as an automatic *casus belli*. Mr. Nitze may also have been referring to the question of whether or not it should be made clear to the Soviet Union in advance that it would be held responsible for an East German attack. From our standpoint this is a rather delicate question. While there would be advantages in an advance warning to avoid the danger of a general war resulting from a misunderstanding on the part of the U.S.S.R., it would at the same time eliminate what slight chance there may be left of dealing with the East German forces outside the context of a general war.

(2) *Austria*

There would appear to be little likelihood of an attack on Austria by satellite forces except in connection with other moves clearly indicating that the general war had begun. There is no equivalent in Austria of East German forces, which could undertake local action on behalf of the U.S.S.R., and in the present circumstances it is not clear what object would be gained by an attack from the outside by other satellites. If such an attack did occur, however, it should probably be dealt with in the light of the immediate situation, with the object of localizing the conflict if possible.

(3) *North Atlantic Countries*

It is agreed that a massive attack by Soviet forces against any country signatory to the North Atlantic Treaty would have to be considered as a *casus belli*. It would be useful, however, if Mr. Nitze would develop a little further his remark that there are some marginal cases which would require clarification, such as an attack upon Finnmark or Bornholm. Is the implication that in such marginal cases the loss of the territory concerned to the U.S.S.R. would not be of sufficient strategic impor-

tance to the North Atlantic Treaty countries to warrant going to war, or that it is hoped that they could be satisfactorily defended by localized action?

(4) *Yugoslavia*

It is agreed that in the event of a satellite attack on Yugoslavia, every effort should be made to localize the fighting, while at the same time prompt action should be taken to assist Yugoslavia and avoid its defeat.

(5) *Greece*

The same general considerations should apply to Greece as to Yugoslavia, modified in practice, of course, by the nature of the association of Greece with NATO.

(6) *Turkey*

A direct attack on Turkey by Soviet forces would undoubtedly involve a serious risk of general war and the question might be raised as to whether the U.S. have developed their analysis to the point of being able to indicate any circumstances in which an attack on Turkey might not be considered as justifying this assumption. In this connection, however, it would be very helpful to us if the United States could give us their frank reactions to the list of questions on the strategic significance of Turkey prepared in London for submission by the Deputies to the Standing Group (Canada House telegram No. 1375 of June 6, forwarded to Washington under form despatch No. 2168 of June 7).† It is the United States appraisal which is really important, and it might be possible to get a better idea of United States thinking directly through the present consultations with the State Department than in the answers eventually prepared by the Standing Group. In addition, we should be very much interested to obtain a United States appraisal of the degree to which the establishment of bases in Turkey would be considered as provocative by the U.S.S.R. and increase the likelihood of a Soviet attack (or of a Soviet decision to precipitate a general war).

(7) *Iran*

Although we agree generally with the United States analysis of the possibility that Soviet action might produce a *casus belli*, a distinction should be made between the results of Soviet occupation and of a Soviet attack on British or United States forces in the area. It is possible that the U.S.S.R. would react to British intervention, for the protection of British lives, by an initially limited intervention involving only the occupation of northern Iran, accompanied by a political campaign designed to create as much internal confusion as possible. In such circumstances every effort should be made to localize the crisis and, if possible, deal with it through the United Nations.

(8) *Afghanistan, Pakistan, India, Burma and Indo-China*

There do not appear to be any indications at present that these areas are likely to be the early objects of direct Soviet military action, and such threats as have developed or may emerge should be considered in the light of the overall desirability of localizing any conflict if it does not threaten vital strategic interests. In Indo-China, and possibly Burma, the threat lies in overt Chinese intervention and the possible loss of South East Asia as a result. Initial reaction to Chinese intervention would

not involve general war, but if the United States were determined to keep the area out of communist control hostilities might be extended to China itself, with consequent risk of Soviet participation. The United States attitude toward the strategic importance of Indo-China and the measures which should be taken in the event of active Chinese intervention is therefore important in connection with any assessment of the danger of hostilities in the area leading to general war.

(9) *Korea and Japan*

Open and substantial Soviet intervention in Korea would certainly indicate that the U.S.S.R. was prepared to accept the consequences of general war, and would be grounds for considering immediate retaliatory action. An open attack on Japan would provide an even clearer challenge. The question might be raised, however, in connection with Korea, whether "any overt use of force" would necessarily in the United States view call for immediate retaliation "at the centre" simply because this would directly involve the Soviet Union with the forces of the United States. Is it conceivable that in certain circumstances, such as the provision of defensive air cover by the U.S.S.R. for Chinese forces in Korea, it might still be possible to deal with the situation in local terms?

(10) *Additional Comments*

(a) *Attack on United States Forces.* While an attack on United States forces by Soviet units may indicate readiness to risk immediate retaliation, this criterion alone may not be sufficient from our point of view to justify the immediate launching of a general war, and could hardly be accepted as automatic justification for counter-attack from Canadian bases. An example might be the case of Formosa, where a Chinese invasion attempt might be assisted by Soviet submarine attacks on the United States Seventh Fleet. The United States forces so involved would be engaged as a result of carrying out a policy for which Canada has not shown any marked enthusiasm. Generally speaking, however, it probably must be accepted that an attack on United States forces would result in immediate retaliation, and for this reason it would probably be preferable if United States forces were not too widely deployed in sensitive (but not vital) areas, such as in enforcing a blockade of the China coast.

(b) *Satellite or Soviet Military Action.* It would appear from the State Department analysis that a broad distinction is made whereby satellite action is, generally speaking, considered susceptible to "local" treatment while action by Soviet forces implies a readiness to incur retaliation and is therefore considered to involve a strong presumption that the U.S.S.R. is making the first move in a general war. The distinction is not complete, however. East German forces are equated to Soviet forces, and in the case of Finland at least it is suggested that there would be no automatic *casus belli* since "the United States has no outstanding obligation in regard to the security of Finland." For purposes of clarification it would be useful if this approach could be explained a bit more fully. For instance, does membership in the United Nations constitute an outstanding security obligation in this sense? This might be linked with the question of Finnmark and Bornholm in an effort to find where, from the United States point of view, the line should be drawn in prin-

ciple between Soviet action which constitutes the opening of general war and that which could be considered "on its merits".

A.D.P. H[EENEY]

[PIÈCE JOINTE 4/ENCLOSURE 4]

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

DOCUMENT NO. 2 [Ottawa], May 30, 1951

WISER—TOP SECRET

USE OF ATOMIC WEAPONS

In his numbered letter No. 1940 of May 26, Mr. Wrong asked for comments on his report of the meeting the previous day with Mr. Acheson and Mr. Paul Nitze and for suggestions about questions which might profitably be raised at future meetings. I should like to suggest that Mr. Wrong be asked to discuss the propaganda line which should be used under present circumstances by the Western countries in countering such Soviet manoeuvres as the Stockholm Peace Appeal.[29] The danger of inconsistency on this subject (which has arisen partly, I suspect, as the result of gradual shifts in United States policy) has worried me in preparing material for recent speeches and in answering on your behalf letters from various Communist-front organizations.

2. It would be easy and natural for Mr. Wrong to raise this subject, since it was dealt with by Mr. Nitze when he outlined the State Department's thinking at the meeting on May 25. Paragraph 6 of the record prepared by Mr. Ignatieff reads as follows:

"It would be necessary to have general public support and understanding of the necessity of using atomic weapons among the peoples of the United States and its allies. The Soviet Government was doing its best to try to confuse the understanding of these issues by false appeal to the moral aspects of the problem and by demanding the outright prohibition of the use of atomic weapons through such propaganda devices as the Stockholm Peace Appeal. It was suggested that in relation to this aspect of the problem the Resolution of the General Assembly of November 23, 1949, should be accepted as a rejection of the Soviet thesis on atomic weapons."

3. I think that we in Ottawa can claim that we have tried to dissipate the confusion which has been created in some quarters in Canada by Soviet-inspired

[29] En mars 1950 à Stockholm au cours de sa troisième réunion, le Comité pour la paix mondiale, lancé par l'Union soviétique, a publié un appel à la renonciation des armes atomiques.
At its third meeting, which was held in March 1950 at Stockholm, the Soviet-inspired World Peace Committee issued an appeal for the renunciation of atomic weapons.

demands for prohibition of the use of atomic weapons. While recognizing the widespread horror with which Canadians would contemplate the use of atomic weapons and while admitting the force of the instinctive feeling that atomic weapons are different in kind from other weapons, you have argued forcibly on a number of occasions against the thesis that atomic weapons must in no circumstances be used. The most recent occasion on which you argued in this way was the speech you delivered in Sudbury on April 20. A copy is attached.[30]

4. Our case against the Stockholm Peace Appeal has hitherto rested on two arguments:

(a) The cardinal crime in international affairs is not the use of atomic weapons, but rather the launching of unprovoked aggression; and

(b) The countries of the West have shown themselves willing to enter into an effective agreement for the inspection and control of atomic energy, whereas the Soviet Union is not willing to do so.

You will see from the paragraph of Mr. Ignatieff's memorandum which I have quoted above that the State Department also seems to rest its case on the second of these two arguments as well as on the first.

5. It is the use of this second argument which, under present circumstances, is creating difficulties. We now believe that the Soviet Union is much more ready to take the risk of precipitating a general war than we had thought before the attack on Korea. We also know that for some time to come the strength of the Soviet Union and its friends and allies in conventional armaments will be much greater than the strength of the North Atlantic allies in similar armaments. Under these circumstances, it is probably inevitable that the United States and its allies should be wary of any developments which might hamper the use of atomic weapons, since for the time being they provide the most effective deterrent against Soviet aggression and offer the firmest hope of victory if war with the Soviet Union should break out in 1951 or 1952.

6. Clearly, however, it is difficult at one and the same time to accept this strategic doctrine and also to reiterate with unqualified conviction our attachment to the plan for the inspection and control of atomic energy which was adopted by the United Nations Assembly in November, 1948. If we believe that at present atomic weapons provide our main bulwark against Soviet aggression, we can hardly in the same breath claim that we want a system of inspection and control which would sterilize the only decisive weapon now in the possession of the West.

7. This apparent discrepancy was pointed out in a letter to you from Dr. Endicott after your speech in Sudbury last April. A copy of his letter† is attached. I think that more skilful drafting on my part would have given him less opening for his attack. It could also be argued in rebuttal of Dr. Endicott's charges that we are profoundly sincere in still supporting the United Nations plan for the international control of atomic energy (even though it would sterilize the one decisive weapon now held by the West), since the conclusion of a satisfactory agreement for the

[30] Voir ministère des Affaires extérieures, *Declarations et Discours*, 1951, N° 17.
See Department of External Affairs, *Statements and Speeches*, 1951, No. 17.

control of atomic energy would so profoundly alter the political atmosphere throughout the world that the danger of war would be greatly reduced.

8. In the same vein, the Americans are probably sincere in insisting that they still support the plan which was approved by the United Nations in November, 1948. Nevertheless, I suspect that they have decided that it would be unwise to make any statements which might be construed as meaning that international control of atomic energy was still a live issue. If such a decision has been taken, the reasons might be as follows.

(a) In the present state of international relations, it is unrealistic to hope that the Soviet Union would agree to any plan which would also be acceptable to the North Atlantic Treaty countries;

(b) New international negotiations looking towards the control of atomic energy would, of necessity, be protracted. In all probability, they would result in failure, but in the meantime the resolution of Western peoples to resist Soviet encroachments might have been weakened.

In any case, it seems to me that we have very little authentic information about the present attitude of the United States Government towards the control of atomic energy.

9. You will remember that at the meeting of the General Assembly last fall Mr. Vishinsky made some remarks which suggested that Soviet policy in this field was becoming slightly less obdurate. Certainly we were not led to believe that the Soviet Union wanted a genuine system of inspection and control. On the other hand, I think we had the feeling that they had sensed they could offer some minor concessions without running any risk of having them taken up seriously by the Americans, since the Americans had, in fact, retreated somewhat from their previous position on the control of atomic energy. My own view is that the United States Government is not so anxious now as it was three years ago to work for a system of international inspection and control. If that is the case, it would be useful for us to know their present views. At the very least, such knowledge would enable us to trim our propaganda sails more adroitly.

10. This whole question is, of course, of much greater than propaganda importance, although in this memorandum I have concentrated on its propaganda aspects. In a memorandum to you of May 3† (of which a copy is attached), Mr. Heeney suggested that as the strength of the West in conventional arms increases, a point might be reached at which the advantages and disadvantages of using the bomb would be almost equal from a military point of view. If such an appreciation were to become accepted, Mr. Heeney argued, "it would give a new sense of urgency to break the dead-lock in our negotiations with the Russians for the international control of atomic energy". If it were decided to ask Mr. Wrong to raise in the course of these top secret discussions the propaganda difficulty which I have mentioned, he might perhaps also go on to probe the current views in the State Department about the desirability, or otherwise, of renewing negotiations with the Russians on atomic energy as soon as the strength of North Atlantic Treaty countries in conventional arms has risen appreciably.

11. I am sending a copy of this memorandum to Mr. Heeney and to Mr. MacKay.

D.V. LEPAN

CEW/Vol. 3094

699.

L'adjoint spécial du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Special Assistant to Secretary of State for External Affairs to Ambassador in United States

WISER—TOP SECRET

Ottawa, June 19, 1951

My dear Hume [Wrong]:

At Mr. Pearson's request, I have prepared an independent record of the meeting which was held at the State Department on 14th June as the second in the series of consultations to assess the world situation and the risk of war. A copy is attached for you and Mr. Ignatieff to see.

I motored down to Dorval airport Sunday evening to see the Minister off and showed him, among other things, a draft of this report which he approved after making a few changes. It should not, of course, for that reason be regarded as having any greater authority or authenticity than the very full and faithful report† which George [Ignatieff] prepared. I have no comments whatsoever to make on his report. It treated in rather somewhat greater detail some subjects which I had rather scamped. Contrariwise, there may be a point or two in the attached record which was treated more briefly in George's. You will find, I think, a very close concordance between the two papers.

Thank you once again for the very pleasant arrangements which were made for us while we were in Washington last week.

Yours sincerely,

DOUG [LEPAN]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Compte-rendu

Report

WISER—TOP SECRET

[Washington], June 14, 1951

REPORT OF THE SECOND MEETING BETWEEN REPRESENTATIVES OF THE CANADIAN AND UNITED STATES GOVERNMENTS TO ASSESS THE WORLD SITUATION AND THE RISK OF WAR, 14TH JUNE, 1951

The meeting, which took place in the office of the Secretary of State, was attended by

Hon. Dean Acheson,
Mr. Freeman Matthews,
Mr. Paul Nitze,

Mr. R. Gordon Arneson
for the United States Government, and by
Hon. L.B. Pearson, M.P.,
Mr. H.H. Wrong,
Mr. G. Ignatieff,
Mr. D.V. LePan
for the Canadian Government.

Agreed Minute

2. The first matter to be considered was the minute recording the procedure to be followed in dealing with requests from the United States Government for the use of facilities in Canadian territory for the deployment of atomic weapons. Since Mr. Acheson had not yet seen the draft agreed minute, this was read by Mr. Pearson. It was accepted with almost disconcerting speed. As soon as Mr. Pearson had finished reading it, Mr. Acheson said that it seemed satisfactory to him. He then briefly asked his officials present if they had any objection to it and also whether in their opinion it would be necessary for him to clear it either with General Marshall or with the President. When they raised no objection and when Mr. Arneson expressed the opinion that the Secretary of State could approve it on his own authority, it was agreed to. Copies were then handed to the representatives of the State Department. They were not initialled, since it was felt on both sides that the agreement should be made in as informal a way as possible.

3. In explaining in a few sentences the importance which he attached to this document, Mr. Pearson said that the Canadian Government was anxious to provide the facilities on Canadian soil which might be required by the United States Strategic Air Command. It would be politically easier for them to do so if a document existed recording the procedures which were to be followed when requests were made. In this way the authority of the Canadian Government would be maintained over action to be taken from bases in Canada or in the Canadian air space.

4. It should be noted that the agreed minute (a copy of which is attached) incorporates one last-minute amendment of some importance. In the morning before the meeting at the State Department was held, Mr. Pearson suggested that it would be an improvement if the agreed minute included some reference to the responsibilities of the United States Air Force under the North Atlantic Treaty and under mutual defence arrangements between Canada and the United States. The first sentence of the second paragraph was, therefore, amended to read, "Discussions have also taken place between the two Governments as a result of the desire of the United States Air Force in carrying out its responsibilities involving the use of atomic weapons which arise from the North Atlantic Treaty or from mutual defence arrangements between Canada and the United States to make use of facilities in Canadian territory, as outlined in sub-paragraph 2 below". This suggested amendment was tentatively cleared by Mr. Arneson on behalf of the State Department late in the morning and was accepted without comment during the course of the afternoon meeting.

International Control of Atomic Energy

5. After the conclusion of this agreement, the discussion turned to a consideration of the points which had been made by Mr. Nitze and others on behalf of the State Department at the first meeting on 25th May. Mr. Wrong opened this part of the discussion by referring to what Mr. Nitze had said about the necessity for gaining and preserving public support of the use of atomic weapons whenever such action might be necessary. He asked whether there might not seem to be some inconsistency, at least in the public mind, between the contention, on the one hand, that atomic weapons were under present circumstances the chief deterrent against Soviet aggression and would be, if war broke out within the next few years, the chief instrument of victory and, on the other hand, continued advocacy of international inspection and control of atomic energy. What was the present policy of the United States Administration towards international control? Mr. Nitze said that the inconsistency to which Mr. Wrong had referred was more apparent than real. If the Soviet Union were to agree to an adequate system of international control, that agreement would produce such a relaxation of the existing tension and such a change in the Soviet system that many of our present fears would be dissipated. In such a transformed atmosphere, a substantial reduction in other types of Soviet military power might be expected. Mr. Acheson intervened to recall the decision made last fall by the United Nations that the control of atomic energy and the reduction of conventional armaments should now be considered within the same forum. This decision properly reflected, he thought, the way in which the two subjects were bound together and might serve as a useful guide to the best line to take in countering Soviet "peace" propaganda. While accepting what Mr. Acheson and Mr. Nitze had said, Mr. Pearson, nevertheless, thought that no opportunity should be lost of convincing public opinion in the two countries and indeed elsewhere, that the United States and its allies were sincere in advocating international control of atomic energy. Mr. Acheson and his officials agreed — although perhaps somewhat perfunctorily.

Risks of Provoking Soviet Attacks

6. Mr. Wrong then said that in considering the analysis which had been presented at the last meeting by Mr. Nitze, it had seemed to the Canadian authorities that attention had been devoted almost exclusively to provocative acts by the Soviet Union which might precipitate a general war. Was it not possible that some acts by the United States and its allies would seem so provocative to the Soviet Union that war might ensue? Mr. Nitze agreed at once that this was a valid worry. Indeed, they had been considering it in the State Department now for many months. However, it seemed to him that the danger to which Mr. Wrong had referred was intrinsic to the process of building up collective strength to deter Soviet aggression. The signing of the North Atlantic Treaty, in Soviet eyes, might have appeared provocative. Nevertheless, it had been necessary if the nations of the free world were not to remain in a position where they could be conquered almost without a struggle. Some degree of what might seem to the Soviet Union to be provocation was probably inescapable. Mr. Pearson then wondered aloud how menacing the building of United States air bases in Turkey might seem when viewed from the Kremlin. He sug-

gested that while the North Atlantic partners should not be deterred from taking any action which they thought essential to their own security, in every case action should be preceded by calm consideration of how provocative it might seem to Soviet eyes. The consensus of thought on this subject seemed to be summed up by Mr. Pearson when he said, "Although it is necessary to take action which will seem provocative, everything that is done should be done in as unprovocative a manner as possible".

Inevitability of War?

7. Mr. Pearson then went on to expose rather more frankly some of the anxieties current in Canada about the United States. He said that it seemed to him that the impression was growing in Canada, not so much as the result of official statements by members of the United States Administration as for other reasons, that opinion in the United States was hardening in the direction of the inevitability of war with the Soviet Union. There seemed to be a growing feeling that we were aiming to win a war not to prevent one. Mr. Acheson, somewhat surprisingly, agreed that those who had formed this opinion of the state of mind of the United States "had every reason for their impression". At this point in the discussion he showed more feeling than he did at any other. He criticised with some vehemence the unholy alliance between some radio commentators, a number of newspapers and some members of Congress. He mentioned in particular Fulton Lewis, the *Chicago Tribune* and Senator McCarthy (whom he called a "member of the Fascist wing of the Republican Party") as examples of the faction who were trying to whip up sentiment in favour of war now. He described their activities as "the acme of irresponsibility". On the other hand, he claimed that these apostles of war against the Soviet Union were having little effect on the thinking of most people in the United States. Citing the mail which he himself received, he said that the general tenor of it was, "For God's sake, don't give way to these mad men". Although he was not disposed to minimize the effect General MacArthur was having — in fact, he characterized MacArthur as being "extremely dangerous" — he argued that the great majority of those who were influenced by him were attracted because he seemed to have a panacea for ending the war in Korea rather than because his policy might lead to an immediate show-down. The previous evening he had urged vigorously that he and those associated with him in the State Department, and indeed in the Administration, had never swerved from the objective of deterring the Soviet Union from military aggression. He did not repeat this defence at the afternoon meeting. But he did call for trust in the good sense of the American people. While admitting that there was abundant evidence for the impression that the United States wanted war, he argued that the impression was false. "Those in other countries who think the United States wants war", he repeated, "may have strong reasons for that impression; but the impression is mistaken". As he relapsed into imperturbability, he left the impression that he could not help but think of himself as fighting the powers of darkness in his own country.

Action which would Precipitate a General War

8. Mr. Wrong then proceeded to elicit some clarifications concerning the types of military action which would immediately lead to a general war. In the course of this

part of the discussion it became clear that the dominant criterion in the opinion of the State Department is whether or not the military action in question is such as to demonstrate the intention of the Soviet Union to precipitate a general war. Various rules of thumb could be devised in order to test whether or not this was the intention behind any specific military action. But such rules were not absolute and must be applied only in the light of the general criterion. For example, it could be said that, in general, attacks by forces of the Soviet Union would be regarded as *casus belli*, whereas attacks by satellite forces would not be so regarded. Notwithstanding that, an attack against Berlin by the satellite forces now existing in East Germany would be regarded as a *casus belli*, as had been decided by the Foreign Ministers of the United States, the United Kingdom and France in September, 1950. The explanation of this seeming inconsistency was that so long as the Soviet Union was occupying the Eastern Zone of Germany, an attack by the Bereitschaften against Berlin could not be launched without the full support of the occupying power. It would, therefore, herald a decision by the Politburo to precipitate a general war and for that reason would be countered by an atomic bombardment of Russian vital points. The application of the underlying criterion would also clarify, Mr. Nitze thought, what had been said at the previous meeting about attacks on the armed forces of the United States anywhere throughout the world. If these attacks were slight in character, a determined effort would be made to disregard them, as had been done on at least one occasion in the past when a plane of the United States Air Force had been shot down in the Baltic. Similarly, attacks against vessels of the United States Navy by the Chinese Communists would in all probability not be regarded as a *casus belli*. If, on the other hand, submarines from Siberian ports were to attack United States naval vessels that, in all probability, would indicate a decision on the part of the Soviet Union to wage a general war and must, therefore, be met by strong retaliatory action.

Use of Atomic Weapons

9. In a general war with the Soviet Union, retaliatory action would include attacks with atomic weapons, it was agreed. Mr. Pearson and Mr. Wrong enquired whether it was fair to infer that atomic weapons would not be used in a war with China or with the European satellites. Mr. Nitze, with Mr. Acheson's obvious assent, replied that it would be the hope of the United States Government not to use atomic weapons in such a contingency. Certainly, they would not be used at once. But the possibility could not be entirely ruled out that they might have to be used in a war against the satellites, if it seemed possible that their use might defeat the aggression without widening the conflict. This decision, for example, might arise in the case of an attack by the satellites on Yugoslavia. The State Department hoped that in such a contingency the use of atomic weapons could be avoided; but, in Mr. Nitze's words, they did not "wish at this time to foreclose absolutely that possibility". In summary, Mr. Acheson said that, whereas atomic weapons would be used in a general war against the Soviet Union, they would not be used in a war against any of the satellites, except under very special circumstances.

10. Before leaving this subject, Mr. Pearson explicitly expressed the hope that atomic weapons would not be used against China, or indeed anywhere in Asia. This hope was clearly shared by the State Department.

Relations between Peking and Moscow

11. With that agreement, discussion turned to an examination of relations between Peking and Moscow and to the possibility of detaching the Chinese Communists from complete subservience to the Soviet Union. Mr. Acheson confessed that he found this problem baffling and discouraging. On one hand, there certainly were fundamental differences of interest between Peking and Moscow and we must hope that some time, somehow, these fundamental differences would lead to a break. On the other hand, there was no evidence at present that such a development was in the offing. In fact, all the evidence available to the State Department tended in the opposite direction. Those members of the Government in Peking who were thought to be more Chinese than Communist were losing, rather than gaining, influence. Mao Tse-tung and his government seemed to be increasingly out of touch with their indigenous roots in China. They gave more and more the impression of conducting Chinese affairs in the interests of the Soviet Union rather than in the interests of the Chinese people. This trend might be reversed. One must continue to hope so, to hope that the fundamental differences of interest would weaken the axis between Peking and Moscow. But for the present, the tide appeared to be running in the opposite direction. Mr. Acheson had been interested to note the shift in opinion in the United Kingdom on this point. When Mr. Attlee had visited Washington last December, there had been a good deal of talk from the British side of Titoist possibilities in China. The British now realized, he thought, that these hopes had been premature, if not mistaken.

12. Both Mr. Acheson and Mr. Nitze insisted, however, that the State Department was keeping constantly in mind the possibility of a weakening of the tie between Moscow and Peking. This consideration, Mr. Acheson said, had been a secondary reason for rejecting General MacArthur's request that he be permitted to authorize bombing raids over Manchuria. The chief reason, of course, for the Administration's opposition had been that such a course might lead to intervention by the Soviet Union and so to a third world war. But, in addition, they had been apprehensive that it might consolidate support among the Chinese for the Peking regime and for that regime's close dependence on the Soviet Union. Perhaps the most interesting remarks during this part of the discussion were made by Mr. Nitze. He disclosed that he at least was now by no means sure that the bombing of China would strengthen, rather than weaken, the Communist regime. The effect of bombing on opinion in China would depend a great deal on the state of that opinion at the time bombing took place. Certainly a few months ago, and perhaps even today, it could be used by Communist propagandists to whip up fury against "the foreign devils". On the other hand, if, as a result of the losses in Korea, resentment against the Communist regime had become sufficiently deep and widespread, the bombing of Chinese cities might lead to a strong desire to get rid of the present government. Mr. Wrong observed that, even if that were the case, it was difficult to see how that demand could become effective, unless the United States and its allies were pre-

pared to send their armies into China. On that note, which seemed to be widely accepted, the discussion on this subject died away.

Indo-China and Formosa

13. At the previous meeting there had been no detailed consideration of the danger threatening various points along the wide arc from Iran to Korea. Mr. Wrong, therefore, asked about Indo-China. The State Department representatives said that they had no new information of importance. Mr. Wrong then enquired whether they considered Formosa to be of greater strategic importance than Indo-China. Mr. Nitze replied by saying that, if Indo-China fell to the Communists, the loss would certainly be greater than if Formosa fell, since it would almost certainly entail the loss of South-East Asia with its important resources of rice, rubber and tin. On the other hand, he thought that in present circumstances Formosa was of greater strategic importance. The testimony of General Bradley before the Joint Senate Committees had, he thought, described accurately the strategic importance of Formosa. In hostile hands, Formosa would provide a dangerous base for offensive operations in the event of a general war. Its loss would therefore be serious, but not so serious as to jeopardize the whole Pacific defensive system, as General MacArthur had claimed.

Warning against Further Acts of Aggression

14. The discussion of the desirability of giving further warning to the Soviet Union was somewhat inconclusive. Neither Mr. Acheson nor any of his officials had much to add to what they had said on this subject at the first meeting. Mr. Pearson made two comments. He said that it seemed to him that possible acts of aggression against the free world might be divided into four categories:

(a) those which would lead immediately to a general war;

(b) those which might not lead at once to a general war;

(c) those which would be countered by limited military action on the part of the United Nations;

(d) those in areas of such comparatively slight strategic importance that the United Nations, while condemning them, would not be likely to do more than that.

Mr. Pearson also suggested that it might be unwise to attempt to secure the integrity of every last threatened area in the world by issuing specific prior ultimata, since at the end of such a process no room whatsoever might be left for negotiation with the Soviet Union. The importance of this point was admitted by Mr. Acheson and his officials. From this part of the conversations two conclusions seemed to emerge:

(a) that the State Department has not yet sifted to its own satisfaction all the hypothetical acts of aggression against the free world which might lead to hostilities, either limited or unlimited;

(b) that, if it is felt that the present warning to the Soviet Union against further acts of aggression should be reinforced, the course which the United States Government would probably take would be to repeat, and perhaps make more explicit, the general warning issued by President Truman when he said that any further acts of aggression would "endanger the fabric of world peace".

Mr. Acheson pointed out that in warning the Soviet Union and the Balkan satellites of the risk which would be involved of any attack on Yugoslavia, he had used words very similar to those chosen a few weeks previously by the President for his general ultimatum. He also indicated clearly his preference for a general warning against any further acts of aggression, rather than an ultimatum attached to a particular territory, if that could be avoided.

15. Before concluding the appraisal of the world situation, Mr. Pearson asked whether in the view of the State Department any further attacks were imminent. Mr. Freeman Matthews said that from the information available in the State Department, he did not think so. On the other hand, the danger threatening a number of points was serious and, in particular, the build-up of the military forces of the Balkan satellites was highly disturbing.

Master Defence Agreement between Canada and the United States

16. Mr. Pearson also raised with Mr. Acheson the possibility of framing a new master agreement for military co-operation between Canada and the United States. The existing statement of principles had been drawn up in 1947 and, therefore, ante-dated the North Atlantic Treaty and the beginning of the present acceleration of military preparations.[31] A great number of new requests were now being received from the United States. It had proved valuable in the past in Canada to have a set of general principles to which public reference could be made whenever specific arrangements were contemplated or concluded. The statement drawn up in 1947 was now out of date; and it was not certain that a new statement could be devised which would provide cover and sanction for all the multiplicity of defence arrangements between Canada and the United States which might be necessary in the next few years. He hoped, however, that it might prove possible. Mr. Acheson received this suggestion very sympathetically. He said he agreed that such a statement would be useful. If the Canadian authorities would provide examples of some of the proposed arrangements which fell outside the scope of the previous statement of principles, the United States would be willing to co-operate in the attempt to form a new and more comprehensive umbrella. It was generally agreed that this might most appropriately take the form of recommendations by the Permanent Joint Board on Defence.

Military Situation in Korea

17. After a military expert had come in to describe on the map the present military situation in Korea, Mr. Acheson added a few general comments as a result of his conversations with General Marshall since the return from Korea of the Secretary of Defence. General Marshall had been very pleased with the fighting qualities, morale, training and equipment of the 8th Army in Korea. He said that there had never been a better army anywhere. He had interviewed the national commanders of all the forces now brigaded in the 8th Army and had found them, without exception, both keen and content. They were satisfied with the role they were playing and with the correctness of the orders they were receiving. General Marshall felt that there was now no question that the 8th Army could maintain itself in

[31] Voir/See Volume 13, Document 868.

Korea in the face of whatever attacks might be launched. Mr. Acheson also reported what General Marshall had said about the recent defeat of the Chinese Communists. It had been more than a defeat, it had been "a major disaster". Before United States troops had sealed off a serious penetration made by the Chinese Communists into the lines of the Korean forces on the right flank of the line, the mass of the 8th Army had been ordered to attack in the central sector and on the left flank. This counter attack had caught the Chinese and North Korean forces completely off balance and the loss of men, vehicles and equipment had been tremendous. The poor quality of the Chinese prisoners now being captured indicated that progress had been made in destroying the trained fabric of the Chinese Army.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe

Attachment

TOP SECRET [Washington], June 14, 1951

AGREED MINUTE

In the communiqué issued on December 8th at the conclusion of the talks between Prime Minister Attlee and Mr. Truman, the President stated that "it was his hope that world conditions would never call for the use of the atomic bomb". The communiqué continued: "The President told the Prime Minister that it was also his desire to keep the Prime Minister at all times informed of developments which might bring about a change in the situation". The State Department informed the Canadian Embassy on December 9th that the Canadian Government was in this respect in the same position as the United Kingdom Government.

Discussions have also taken place between the two governments as a result of the desire of the United States Air Force, in carrying out its responsibilities involving the use of atomic weapons which arise from the North Atlantic Treaty or from mutual defence arrangements between Canada and the United States, to make use of facilities in Canadian territory as outlined in sub-paragraph (2) below.

In consequence, the following procedural arrangements have been put into effect:

(1) Frequent consultations shall take place in Washington between the Canadian Ambassador and the Secretary of State and such other officers of the United States Government as may be designated by him. The purpose of these consultations is to exchange views on developments in the world situation which might necessitate the use of atomic weapons. The consultations are informal and exploratory and are not to be regarded as involving or implying any commitment on the part of either government as to the action it will take or the position it will adopt in particular circumstances yet to arise. It would be the hope that by such consultations it will be possible to arrive at common appreciations of situations which may necessitate the use of atomic weapons.

(2) Requests of the Government of the United States for permission to make use of facilities in Canadian territory for the deployment of atomic weapons (both with-

out and with their nuclear components) and for the conduct of operations involving the use of such weapons, or to overfly Canadian territory with such weapons, are to be addressed to the Canadian Government by the Department of State through the Canadian Embassy in Washington, and the reply of the Canadian Government is to be routed through the same channels. As much advance notification as possible will be given by the Government of the United States, and on its part the Government of Canada will seek to answer such requests promptly.

(3) These arrangements shall be regarded as subject to modification by mutual consent at any time.

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

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

WISER LETTER NO. 4 Ottawa, June 29, 1951

WISER—TOP SECRET

Reference: Your Wiser letter No. 5 of June 23, 1951.†

METHODS OF HANDLING U.S. ATOMIC REQUESTS

We agree entirely with your argument that it is necessary to work out in some detail arrangements for rapid and secure communication on Wiser matters between Ottawa and Washington on such a basis that the channels could be opened in case of need at any hour of the night and over weekends and holidays. We also recognize the necessity, related to the minute of June 14 on agreed procedures in these matters, of giving the State Department a sufficiently explicit account of these arrangements to satisfy them that we really are prepared to co-operate. In this letter I shall report what arrangements we have so far made in Ottawa, and shall discuss some of the points (both those mentioned in your letter and others which have occurred to us) on which procedures have yet to be established.

2. It appears to us that the problem has three aspects. The first of these is the establishment of a secure chain of communication for urgent messages which can be made to operate at any time on short notice. By a chain of communication we mean an arrangement for contact between the individual persons who will actually be involved in the transmission of the message. The report in your paragraph 2 that Mr. Arneson or his assistant Mr. Chase will be available at all times to transmit messages to the Canadian Embassy and that provision will be made for having yourself, Mr. Matthews or Mr. Ignatieff always available by telephone is perfectly satisfactory. For our part we propose to draw up a list of officers familiar with the situation of whom at least one will be available by telephone at any time, and we hope to prepare a sort of "duty list" on a weekly or fortnightly basis to indicate which of these officers will be available at a given time. This duty list will be on

hand in the Communications office here, and we propose to send you a copy as each new list comes out. As it is unlikely that an urgent message will originate in Ottawa outside of office hours, I do not think you need keep us informed as to which of your officers will be on call at a given time. Any one of our officers will be in a position to receive an urgent message and to ensure that it is brought as rapidly as possible to the attention of the appropriate representative of the Government; this aspect of the question I shall discuss below.

3. Related to the personal chain of communication is what might be termed the mechanical chain. Here we have in mind the provision of qualified teletype operators and of a satisfactory teletype channel. While our own wires are not open on a twenty-four hour basis, emergency use in off hours can very readily be arranged on short notice. Where there is reason to anticipate an urgent message, it would be desirable for the wire to be kept open during whatever period you suggest. I should prefer to rely upon an arrangement for rapid provision of overtime service on our own wire, and shall write you again when we have been able to look into the details of this. We propose a duty list system, similar to that mentioned for officers, to ensure that a teletype operator competent to handle these messages can always be obtained on short notice. Copies of this duty list will be sent to you like the other, and I suggest that when an urgent message is to be sent your teletype operator should telephone the appropriate man on our teletype duty list to warn him of the message and to ask him to get in touch with the political officer on call. It may be that your political officer will also wish to telephone our political officer directly and in a later communication I shall discuss the suggestion in your paragraph 6 of setting up a code which might be used for telephone purposes on this subject.

4. The third aspect of the question, and in many ways the most important, is that of obtaining ministerial consideration of an urgent request. I have discussed this problem with the Prime Minister, and he has instructed me that any such request should at once be brought to his attention; if he is not immediately available it will be communicated at once to the Acting Prime Minister (if any) or the senior Cabinet Minister immediately available in the Ottawa Area. In addition to our own officers, namely myself, Reid, Ritchie, MacKay, Glazebrook, LePan, Collins and Kirkwood, so far involved in the subject, the Prime Minister has designated Mr. Norman Robertson, or failing him Mr. Gordon Robertson of the Privy Council Office and Mr. Pickersgill, or failing him Mr. Ross Martin of the Prime Minister's Office as channels of communication. Simultaneously with the action referred to above we will communicate of course with Mr. Pearson and Mr. Claxton if they are available. Any reply to Washington will of course be communicated through this Department, presumably through the channel by which the request comes in.

5. What I have written is not to be regarded as a fully detailed procedural plan, and is only designed to indicate to you the lines we are working on here and to guide you in conversation with Mr. Arneson. I presume that he will not be concerned particularly with our channels provided he can be assured that they are rapid and secure, but no doubt the State Department is anxious to know exactly what we have in mind as to the procedure for obtaining Government clearance of a request. For the present at least, I think you should say no more than that we have arranged to bring requests immediately to the attention of the Prime Minister or Acting

Prime Minister. If Mr. Arneson is interested, I see no objection to your telling him enough of the proposed arrangements to convince him that they are workable and meet the requirement for urgent and secure communication between Washington and Ottawa with the minimum of delay in cases of extreme necessity.

A.D.P. HEENEY

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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

WISER LETTER NO. 6 Washington, July 14, 1951

WISER—TOP SECRET

THIRD MEETING OF CONSULTATION

I enclose four copies of a record of the Third Meeting of Consultation, which took place at the Department of State yesterday afternoon. I shall send some comments on this meeting in a further letter next week.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Compte-rendu

Report

WISER—TOP SECRET [Washington], July 14, 1951

RECORD OF THE THIRD MEETING BETWEEN REPRESENTATIVES OF THE CANADIAN AND UNITED STATES GOVERNMENTS TO ASSESS THE WORLD SITUATION AND THE RISK OF WAR, FRIDAY, JULY 13TH

The meeting which took place in the office of Mr. Paul Nitze was attended by Mr. Freeman Matthews, Mr. Paul Nitze, Mr. R. Gordon Arneson and Mr. Carl Savage for the United States Government, and by Mr. H.H. Wrong and Mr. G. Ignatieff for the Canadian Government.

1. *Constitutional Issues.* In opening the discussion Mr. Wrong suggested that it might be desirable to arrive at an understanding in the consultations about the constitutional procedures which would need to be followed in the United States, the United Kingdom and Canada, in the event that it might be necessary to authorize quick retaliatory military action against aggression. A study of this question should reveal the conditions in which delay might be involved because of the limitations, constitutional or conventional, placed upon the executive branch of government within the three countries. Mr. Wrong invited comment as to whether the U.S. representatives regarded this as a relevant topic for discussion.

Mr. Matthews, Mr. Nitze and Mr. Arneson each made comments to the effect that an exchange of views on this question was desirable. Mr. Nitze observed that as far as the United States was concerned, the constitutional problem involved the powers of the Congress to declare war on the one hand and the powers of the President as Commander-in-Chief on the other. The constitutional precedents have been established which would permit the President as Commander-in-Chief of the Forces to authorize measures to be taken against an aggressor, which would in effect result in hostilities taking place even before Congress had given legislative authority for a declaration of war. He asked Mr. Wrong whether he could say what constitutional limits existed in Canada upon the authority of the Government to authorize defensive measures.

Mr. Wrong replied that this was a matter which was currently under consideration by the Canadian authorities. While the ordering of defensive measures and even the declaration of war were in law executive acts, Parliament had the authority to review action taken and to withhold or vote supply; undertakings had also been given about consultation with Parliament in certain circumstances. The possibility of a clarifying statement by the Government on the constitutional issues was being considered, having particular regard to the type of situations which might arise in the implementation of the North Atlantic Treaty.

It was agreed that views should be exchanged at a later meeting on the positions of the Canadian and United States Governments in respect of the constitutional limitations upon the powers of the executive to take military action to resist aggression.

2. *Problem of Soviet Intentions in the Light of the Soviet Proposal for a Cease-Fire in Korea.* Mr. Wrong next suggested that it might be useful to exchange views on the possible reasons for the Soviet initiative in proposing a cease-fire in Korea. He suggested that an analysis of various hypotheses might throw some light on possible further Soviet moves in the Far East or in other parts of the world, although even tentative conclusions would, at this stage, be little more than guesses. To initiate the discussion, Mr. Wrong suggested that it might be possible to ascribe the Soviet initiative to local considerations concerned with supply problems such as the need for large quantities of Soviet weapons by the Chinese forces, or the cost to the Chinese of the operation in Korea, or the desire to release Chinese forces for activities elsewhere. If local considerations were predominant, would the Soviet initiative seem to confirm the view that pro-Soviet elements are dominant in Peking? Alternatively, might it be a face-saving device adopted by the Chinese in a desire to disengage themselves in Korea? Also what would be the effects upon the prospects of an armistice being arranged, to be followed by a political settlement?

If the Soviet motives on the other hand were thought to be general and related directly to the balance of power in the world, was it the desire of the Soviet Government to extricate themselves from what might in some ways be regarded as the major blunder of Soviet diplomacy since World War 2? Was it not possible that the Soviet Government has realized that as a result of the military venture in Korea their world position has worsened due to the greatly accelerated pace of rearmament among the Western powers? If the Soviet motives were thought to be related

to such general considerations, Mr. Wrong asked whether their aim was likely to be a détente with the West, with the stepping up of the Soviet peace campaign in order to retard the pace of Western rearmament. In that event, was it probable that the Soviet aim would be a genuine desire to reduce the risks of war? Alternatively, would it be a mere propaganda device? Mr. Wrong suggested that the Soviet motives in effect might be a combination of local and general considerations.

Mr. Matthews said that the State Department thinking was likewise based on hypotheses and that they suffered from an absence of knowledge about the intentions or motives of the Soviet and the Chinese Communist Governments. He agreed that Soviet motives in initiating a cease-fire could be ascribed to both local and general considerations. The Chinese Communists had probably begun to press the Soviet Government to increase supplies and other forms of aid at a time when the military situation in Korea was unfavourable on the whole to the Communist forces. Moreover, the fighting was beginning to approach the borders of the Soviet Union; the Soviet Government was almost psychopathically sensitive about their borders and their security sphere. It was quite probable that the Chinese Communist Government first raised with Moscow the question of what to do in the face of the deteriorating military situation and their need for further supplies. This was apparently followed by an initiative from Moscow to commence talks leading to a cessation of hostilities, but it was not at all clear to what extent the authorities in Peking and Moscow had co-ordinated their actions. Mr. Wrong remarked that he had learnt from Mr. Hickerson that Mr. Bebler of Yugoslavia had told him on the previous day that in his judgment the Soviet Government had probably used their favourite tactic of confronting a dependent government with a *fait accompli.*

Mr. Nitze observed that another possible explanation was the desire to take a strong initiative in the peace offensive at the present time for *domestic* considerations. There were indications that the Soviet Government was finding it increasingly difficult to persuade their own people and the people of the satellite states that the responsibility for the war in Korea lay entirely with the South Koreans and the United States and other members of the United Nations. If the Soviet initiative was connected with propaganda designs, it was difficult to draw any definite conclusions. Mr. Nitze suggested that if the Soviet Government was contemplating further aggressive moves, it would be quite logical for them to make a special effort to instill among their own people the idea that they had done everything possible to maintain peace and that war, if it came, was entirely the responsibility of the "imperialist" powers. It was thus possible that the Soviet initiative might be connected with a desire to retard the pace of Western rearmament, or as a psychological preparation for a new aggressive move elsewhere.

Mr. Wrong suggested that perhaps one of the best tests of the sincerity of the Soviet motives would be the extent to which an armistice in Korea would be followed by efforts to reach a political settlement. Mr. Matthews said that, while the State Department was still quite hopeful about the possibilities of negotiating an armistice, there was little expectation that this would be followed by a political settlement. Mr. Nitze added that there was little evidence from the Soviet press and radio comment that the Soviet Government expected anything more than an armistice in Korea.

The discussion on this point ended with comments from Messrs. Matthews and Nitze to the effect that it would be wishful thinking to expect that Russian motives were limited merely to a desire to stop Western rearmament by offering to negotiate a détente; the history of the Communist Party and the nature of the Soviet Government and its techniques made it more probable to expect further aggressive moves.

3. *Guarantees in a Korean Settlement.* Mr. Wrong recalled the discussion at the second Meeting of Consultation, as well as remarks made by Mr. Acheson at a discussion with Mr. Pearson and Mr. Wrong at which Mr. Matthews had been present, about the possibility of a guarantee against the resumption of hostilities in Korea in the event of a settlement, involving some sort of undertaking that a breach of the settlement would mean general war. He inquired whether the State Department could offer any further comments, having in mind the desirability not to limit the freedom of manoeuvre by precise guarantees of defined areas.

Mr. Matthews and Mr. Nitze said that they had not pursued this line of thought since the previous meeting. Mr. Nitze, however, explained that the U.S. Government did not have in mind too precise a guarantee against the resumption of hostilities in Korea. They were fully aware of the undesirability of limiting their powers of manoeuvre in such a way as to make it difficult to localize a conflict should hostilities be resumed in Korea. On the other hand, they would not wish the Communists to be left with the illusion that in the event of a settlement they would be left free to move into South Korea either through the use of North Korean forces or Chinese volunteers. It would not be possible to build up South Korean forces to a point at which they would be able to resist any possible attack from North Korea. It was therefore contemplated that a guarantee in very general terms might have to be given which would make it clear that any violation of the armistice would be considered a serious matter.

4. *Other Area Problems.*

Iran. Mr. Wrong asked if there was anything to be said about the deteriorating situation in Iran and particularly whether there was thought to be a serious danger of fighting as a consequence.

Mr. Nitze said that the State Department regarded the situation as very serious. They found it difficult to see what could be done in the face of the strong wave of nationalism which had swept the whole of Iran, not merely certain elements of the population. Mr. Matthews also indicated that the U.S. Government was inclined to attach greater importance than the British to the necessity of coming to some kind of an agreement with Premier Mossadegh. In the opinion of the State Department any conceivable successor to Premier Mossadegh would probably be more intractable, whereas the British seemed to hope that his disappearance from office would make the situation easier. The danger of internal subversion constituted a greater immediate threat than possible military action in Iran.

Mr. Nitze added that the present situation in Iran would not be considered so grave if the general strategic position of the Western powers in the Middle East was not so weak. There were no strong forces available at the present time for the defence of the Middle East. British forces were inadequate, and most of the United States forces were tied up in Korea.

On the question of possible intervention by the Prime Minister of India or of Pakistan, Mr. Matthews offered the opinion that both Messrs. Nehru and Liaquat were too absorbed with their domestic problems and the Kashmir situation to be likely to intervene effectively.

Turkey. Mr. Wrong referred to the objections taken by some governments, particularly Norway and Denmark and also France, to the inclusion of Turkey in NATO in the course of the discussions in the Council of Deputies in London. He inquired whether the U.S. was prepared to consider a separate Mediterranean treaty. Mr. Nitze replied that the important factor in the opinion of the State Department was that the security of the eastern Mediterranean was essentially tied to the security of Europe. Because the Middle East was now recognized as extremely weak from a military standpoint, it was all the more important to face this fact and to provide for an effective linking of security in this area to that of Western Europe to ensure that the defences of Europe are not outflanked. As to a separate regional pact, Mr. Nitze could not see any accretion of strength being derived from any of the countries in the Mediterranean basin with the exception of Greece and Turkey. Certainly no military strength could be contributed in the immediate future from either the Arab states or from Israel.

Mr. Matthews added that the United States Government had an additional domestic preoccupation because they felt sure that there would be much greater difficulties in getting congressional ratification of a new regional defence treaty than of a simple amendment of an existing treaty.

Mr. Wrong asked whether, in view of its possible provocative effect upon the Soviet Union, it was thought desirable to establish NATO air bases in Turkey in advance of the outbreak of war. Mr. Matthews said that he was not aware of any plan to establish U.S. or NATO bases in Turkey in peacetime. It was the wish of the United States, however, to be able to occupy bases in Turkey immediately in the event of the outbreak of war; this was rated as a matter of great strategic importance.

Finland. In view of the reference contained in a despatch from the Canadian Chargé d'Affaires in Belgrade, No. 670 of June 29th,† to a conversation between Marshal Tito and the Israeli Minister in which Tito mentioned his apprehensions that Finland might be the victim of a Soviet coup d'état, Mr. Wrong asked whether the State Department had any similar information. Mr. Matthews said that he was aware of the conversation between Marshal Tito and the Israeli Minister, but had not heard of Tito's reference to a possible Soviet move in Finland, nor had they any intelligence pointing towards this from other sources. He remarked that there had been slight gains registered by the Communist Party in the recent elections.

Spain. Mr. Matthews said that the United States Government was about to begin bilateral talks with the Spanish Government, which it is hoped might lead to bilateral arrangements permitting the use of certain naval and air facilities in Spain by U.S. forces. Admiral Sherman would be going to Spain for the purpose of these negotiations. The British and French Governments had been informed about these talks and been given assurance that the question of the inclusion of Spain in NATO would not be raised. The U.S. Government was well aware of the British and

French objections, and had no intention of seeking more than an agreement, presumably of an executive nature and not in treaty form, between Spain and the U.S.

This was the only matter brought up at the meeting on the initiative of the State Department representatives.

5. *Further Meeting.* Mr. Wrong said that he hoped to be away for about a month beginning the 4th of August. In his absence Mr. W.D. Matthews would be available to carry on the talks if it was desired; alternatively, the consultations might be suspended until September except in the event of an emergency. Mr. Nitze said that he hoped to be away during August also and thought that the talks could probably be suspended for that month. It was agreed that there would be one more meeting of consultation before August 4th, the date to be set later.

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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

WISER LETTER NO. 10 Washington, July 28, 1951

WISER—TOP SECRET

FOURTH MEETING OF CONSULTATION

1. I enclose the record of the Fourth Meeting of Consultation, which was held yesterday afternoon. There was a delay in the start of the meeting because Mr. Matthews, Mr. Nitze and I attended Admiral Sherman's funeral early in the afternoon and this delay made it impossible for Mr. Matthews to be present.

2. This meeting was the least satisfactory of those which have taken place, possibly due in part to Mr. Matthews' absence. Mr. Nitze volunteered no information on his side, although I had expected that we might be given some indication of the results of the talks between the State and Defense Departments which I mentioned in my letter Wiser No. 8 of July 21st.† Mr. Nitze also was not forthcoming in his answers to questions raised by me.

3. It was agreed that, subject to no important developments requiring urgent consultation, the fifth meeting should take place in the first half of September. If events require a meeting while Mr. Ignatieff and myself are absent on holiday, Mr. Matthews and Mr. Campbell will represent the Embassy.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Compte-rendu

Report

WISER—TOP SECRET [Washington], July 28, 1951

RECORD OF THE FOURTH MEETING BETWEEN REPRESENTATIVES OF THE CANADIAN AND UNITED STATES GOVERNMENTS TO ASSESS THE WORLD SITUATION AND THE RISK OF WAR, FRIDAY, JULY 27TH

The meeting took place in the office of Mr. Paul Nitze at the State Department. It was attended by Mr. Paul Nitze, Mr. R. Gordon Arneson, and Mr. J. Chase for the United States Government and Mr. H.H. Wrong and Mr. G. Ignatieff for the Canadian Government.

1. *Methods of Handling U.S. Requests for Permission to Use Facilities in Canadian Territory.* Mr. Arneson suggested that it might be useful to exchange information on any progress made in following up the procedural arrangements which were recorded in the Minute which was agreed at the Meeting of Consultation on June 14, 1951. He explained that on the U.S. side, communications concerned with requests of the U.S. Government for the use of atomic facilities in Canadian territory would normally come through himself or Mr. Chase. However, Mr. Freeman Matthews, the Deputy Under-Secretary of State, and Mr. Paul Nitze might also on occasion be concerned. Mr. Wrong said that, apart from himself, he had authorized Mr. Matthews, Mr. Ignatieff, and Mr. Campbell to handle these matters in the Embassy. Mr. Arneson again said that it would be very helpful if he could have a letter outlining the arrangements which had been put into effect by the Canadian Government to implement the Minute agreed to on June 14. He explained that the U.S. Joint Chiefs of Staff had considered the Minute and were not altogether happy about what had been agreed. In fact, they were considering re-opening the question through the Permanent Joint Board on Defence. Mr. Wrong observed that re-opening the question through the P.J.B.D. would not serve any useful purpose as the recommendations of the Board would inevitably have to be considered by the Prime Minister and the same Ministers who had made the decisions regarding the arrangements agreed to in the Minute of June 14. Mr. Arneson fully understood this. Mr. Wrong suggested that if the Joint Chiefs persisted in their desire for discussions in the P.J.B.D., a senior officer of the State Department might make it clear to General Marshall or Mr. Lovett that such a discussion would be fruitless. Mr. Wrong said that he hoped that a letter outlining the arrangements put into effect by the Canadian Government to follow up the Minute of June 14 would be sent to Mr. Arneson shortly; a draft had been sent to Ottawa and the letter should soon be ready for presentation.

2. *Japanese Peace Treaty and Related Bilateral Security Pact.* Mr. Wrong asked whether Mr. Nitze might care to comment on the strategic effects of a guarantee of the security of Japan which the United States Government would be offering unilaterally in its bilateral security treaty with Japan. Assuming that the Soviet Union would not sign the Peace Treaty, he noted that the Soviet Government would

remain at war while the United States and the other signatories would be at peace with Japan and Japan while it was disarmed would be protected by its agreement with the United States.

Mr. Nitze said that he could see legal difficulties in the situation, but from the point of view of security the position of Japan, after the guarantee of security had been given by the United States, would not differ substantially from the situation in Germany. Japan, like Western Germany, is dependent upon a security guarantee, and the risks attendant upon such a guarantee were not dissimilar.

3. *Korea.* Mr. Wrong asked whether Mr. Nitze had any further views to express on the possible intentions of the Soviet Government in initiating armistice talks in Korea in the light of developments at Kaesong. Mr. Nitze said that the talks so far provided little new upon which to base an appreciation of Soviet intentions. It was safe to surmise that the Communists desired to arrive at least at an armistice in Korea, as they had been prepared to agree to retract their insistence on the principle that the withdrawal of foreign troops from Korea should be included in the agenda. This did not indicate that they would be prepared to accept armistice terms acceptable to the Unified Command. All that could be said to date was that the progress had been mildly encouraging in so far as certain obstacles had been overcome, namely, agreement on the conference site and upon an agenda. However, difficult obstacles lay ahead, notably agreement on the demarcation line, arrangements to ensure the observance of the armistice, and prisoners of war. Mr. Nitze also noted that the Communist forces since the time that the armistice talks had begun at Kaesong were in better shape to resume fighting. They had had time to bring up ample supplies over their difficult supply route, and they still had a substantial numerical advantage over U.N. forces. However, on the U.N. side there had also been an improvement in logistical arrangements as well as a strengthening of the line now held.

4. *Association of Greece and Turkey with NATO.* Mr. Wrong asked whether Mr. Nitze had anything to say about the conclusions which had been reached by the U.S. Government as a result of the review undertaken in the light of the discussion of this question by the NATO Council of Deputies in London. Mr. Nitze said that as a result of the review, the United States authorities were firmer than ever in the opinion that it was necessary to offer Greece and Turkey full membership in NATO and that a decision to do this should be taken quickly. Alternative solutions had been considered, but the conclusions now reached were influenced not only by the weak strategic position of the Western Powers in the Middle East, but also the domestic effects which might follow if the Turkish Government were not to obtain full membership. Mr. Nitze said that if full membership was not soon agreed, the long-range repercussions would be very serious. The Turks could only be relied upon to add their strength to the defence of Europe, unless they were themselves directly attacked, if they were offered full membership; it was essential to have a positive assurance of support from Turkey in order to ensure that the defences of Europe should not be outflanked, as well as in the event of trouble in the Eastern Mediterranean. Mr. Wrong observed that this argument seemed to assume automatic belligerence on the part of all NATO members in the event of aggression, and remarked that there seemed to have been in the United States and other countries a

striking development in this direction of the interpretation of Article 5 of the Treaty since the time of its signature. Mr. Nitze agreed; the Treaty when originally signed registered a certain community of interests between the signatories, but this did not preclude development of a closer sense of community of interests as a result of changing circumstances.

5. *Spain.* Mr. Wrong asked whether Mr. Nitze had anything to add to the brief remarks made by Mr. Freeman Matthews at the last Meeting of Consultations with regard to the mission of Admiral Sherman to Spain. Mr. Nitze said that he had nothing to add. The talks were exploratory and related only to the possibility of use by the U.S. armed forces of certain naval and air facilities in Spain. Mr. Wrong added that if this were agreed it would look like a first step towards a much closer association with Spain, but Mr. Nitze would not indicate when or how these talks might be followed up. When Mr. Wrong referred to the repercussions on public opinion of these talks in the United Kingdom and Western European countries, Mr. Nitze replied that it was important to the Western European countries to display initiative and capacity to defend themselves if "neutralism" was to be effectively combatted; the spirit of neutralism mainly arose from lack of confidence in the capacity of the western nations to defend themselves effectively against the U.S.S.R. and a feeling that perhaps the Soviet Union might be victorious; the greater the strength of the West the more readily would willing allies be found around the world.

6. *Possible U.S. Requests for Deployment of Special Weapons or their Components Affecting Canadian Territory.* Mr. Ignatieff asked whether the State Department expected any requests to be made in the near future relating to deployment of special weapons or their component parts. Mr. Arneson replied that the only requests which might be made in the near future would be concerned with the overflight of Canadian territory by U.S. aircraft carrying the components of special weapons in connection with the rotation of those held in the United Kingdom by the U.S. There was no likelihood of any request for storage in Canada of special weapons, as the facilities in Goose Bay were still under construction.

7. *Constitutional Questions.* Finally, Mr. Arneson referred to the discussion at the previous meeting about the constitutional procedures which would have to be followed in Canada, the U.S. and the U.K. in the event that it might be necessary quickly to surprise retaliatory action against an aggression. He said that he had consulted the Legal Adviser of the State Department on this question and had been given copies of two memoranda prepared by the Legal Adviser dealing with the authority of the President to order the armed forces of the United States abroad for purposes involving protection of the security interests of the United States. The first memorandum was prepared in July, 1950 immediately after the outbreak of the Korean War, and the second in connection with the consideration by Congress of sending ground forces for service with the integrated force in Europe under General Eisenhower. A single copy of each of the memoranda is enclosed.† He added that he had asked the Legal Adviser whether the President's authority as Commander-in-Chief to order U.S. forces abroad and to authorize them to take defensive action was subject to any limitation of approval by or consultation with the

Congress; the Legal Adviser had answered without hesitation or qualification that his authority was complete.

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Le chargé d'affaires de l'ambassade aux États-Unis au sous-secrétaire d'État aux Affaires extérieures

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

WISER LETTER NO. 11 Washington, August 6, 1951

WISER—TOP SECRET

Reference: Your Wiser telegram No. 5 of August 2† and your Wiser Letter No. 7 of August 3, 1951.†

PROCEDURE FOR HANDLING U.S. ATOMIC REQUESTS

1. I left with Mr. Arneson this morning a letter outlining the procedure to be followed in the handling of U.S. atomic requests. A copy of the letter left with Mr. Arneson is enclosed herewith.

2. I am also enclosing copies of the instructions that have been issued in the Embassy today to the Communications Section and to the Chancery guard to implement the arrangements set out in the letter to Mr. Arneson.†

3. After receiving the letter, Mr. Arneson informed me that the Pentagon had proposed to the State Department a further study by the P.J.B.D. of the procedure to be followed when forwarding requests for authorization of the flights by the U.S.A.F. The State Department has recalled to the Pentagon the difficulties that arose when this matter was last discussed by the P.J.B.D. and has suggested that that channel may not be the appropriate one if this question should be re-opened.

4. Arneson said, however, it was possible that we might receive a request for further consideration of this problem through some channel. He personally thought that it might be worth our turning over in our minds the following possibility. Authorization for individual flights between specific airfields should be sought through Service channels. At the time authorization was sought through these channels, the State Department would be notified and would advise the Embassy. This, however, would be merely advice and not a request for authorization. Arneson fully realizes that any such proposal, if formally made, might not be acceptable to the Canadian authorities.

5. Arneson went on to say that flights by the U.S.A.F. carrying special weapons between United States airfields and Ladd Field are now being made over the Pacific. This route, however, is subject to greater weather difficulties at certain times of the year and about one year ago the U.S.A.F. lost one plane when making such a flight. For this reason the U.S.A.F. wish to have such flights made by an

overland route to Alaska without what they consider to be a cumbersome method of obtaining authorization.

W.D. MATTHEWS

[PIÈCE JOINTE/ENCLOSURE]

Le chargé d'affaires de l'ambassade aux États-Unis
à l'adjoint spécial du secrétaire d'État des États-Unis

Chargé d'Affaires, Embassy in United States,
to Special Assistant to Secretary of State of United States

TOP SECRET Washington, August 6, 1951

Dear Mr. Arneson:

I refer to the Minute which was agreed at the Meeting of Consultation on June 14th, 1951, recording the procedural arrangements which have been put into effect governing the handling of requests from the Government of the United States to the Canadian Government, for permission to make use of facilities in Canadian territory in connection with the employment of atomic weapons.

This Minute states: "Requests of the Government of the United States for permission to make use of facilities in Canadian territory for the deployment of atomic weapons (both without and with their nuclear components) and for the conduct of operations involving the use of such weapons, or to overfly Canadian territory with such weapons, are to be addressed to the Canadian Government by the Department of State through the Canadian Embassy in Washington, and the reply of the Canadian Government is to be routed through the same channels. As much advance notification as possible will be given by the Government of the United States, and on its part the Government of Canada will seek to answer such requests promptly."

The Canadian authorities have given careful consideration to the means which may best be employed to provide for the prompt and secret transmission of such requests from the Government of the United States to the Canadian Government and for the return of a prompt answer.

It is our understanding that the requests in the first instance will be addressed from the Department of State to the Canadian Embassy. The officers designated in the Department of State are Mr. Chase and yourself. In certain circumstances requests may be addressed from the Secretary of State himself or from Mr. Freeman Matthews or Mr. Nitze. There is always a guard on duty at the Canadian Chancery, which can be reached at any time, day or night, on the telephone number DEcatur 1011. The Ambassador has designated three senior officers, besides himself, at least one of whom may be reached at any time through the guard at the Embassy or direct. The names and house telephone numbers of the officers are as follows:

Mr. H.H. Wrong, Ambassador—DEcatur 2615
Mr. W.D. Matthews, Minister—EMerson 6464
Mr. G. Ignatieff, Counsellor—DEcatur 6869

Mr. Peter Campbell, Second Secretary—ADams 1863.

I think that if a case arises requiring urgent communication outside office hours it would be best to seek to reach one of the persons mentioned above at the numbers given, and to call the Chancery guard only if this produced no result.

Arrangements have also been made for the prompt transmission of requests of the U.S. Government by means of the teletype circuit between the Canadian Embassy and the Department of External Affairs in Ottawa. Teletype operators have been specially designated on the Canadian Embassy staff to handle such traffic and arrangements made for at least one of these operators to be on duty whenever required. The teletype operators will transmit messages on this subject by means of a special cyphering tape to be used only for them.

In the Department of External Affairs similar arrangements have been made for designated teletype operators to handle these messages, and, in addition, certain senior officers of the Department, listed in a special duty roster, are responsible for seeing that requests are handled promptly. At night or over weekends one of these officers will always be accessible by telephone.

While the teletype circuit is regarded as the normal channel for secret and prompt communication, the telephone can be employed in cases of special emergency.

In order to ensure ministerial consideration by the Canadian Government of any urgent requests, instructions have been issued by the Prime Minister of Canada that any urgent request should at once be brought to his attention; if he is not immediately available, it will be communicated at once to the Acting Prime Minister or the senior Cabinet Minister available in Ottawa.

These arrangements have already been put into effect. Should it be found necessary to make any substantial changes, you will be informed.

Yours sincerely,

W.D. MATTHEWS

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Le chargé d'affaires de l'ambassade aux États-Unis au sous-secrétaire d'État aux Affaires extérieures

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

WISER LETTER NO. 12 Washington, August 9, 1951

WISER—TOP SECRET

Reference: My Wiser Letter No. 11 of August 6, 1951.

PROCEDURE FOR HANDLING U.S. ATOMIC REQUESTS

1. Mr. Freeman Matthews, the Deputy Under-Secretary of State, has suggested to us that it might be desirable to change the next to last paragraph of my letter of

August 6th to Mr. Arneson, a copy of which was forwarded to you with the letter under reference, before my letter is discussed with the Defense Department.

2. Mr. Matthews expects that the Defense Department will examine the routine established by the Canadian authorities for handling atomic requests with minute care and will be looking for any possible causes of delay that might result from the Canadian procedures. For this reason he thinks it possible that the next to last paragraph of my letter could be interpreted by the Defense Department as requiring approval by all Cabinet Ministers as a result of its reference to "ministerial consideration".

3. While the State Department fully understand what we intend, Mr. Matthews suggests that it would be best to remove this possible interpretation by making it clear that at least in the case of routine over-flights, approval by the full Cabinet is not contemplated.

4. As I am not sure whether an effort is made to refer these requests to the full membership of the Defence Committee of the Cabinet, I will be obliged if you will forward to me what you consider to be an appropriate wording that would remove any possible ambiguity in the paragraph of my letter referred to.

W.D. MATTHEWS

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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 WISER NO. 7 Washington, August 17, 1951

WISER—TOP SECRET. IMMEDIATE.

Following for Heeney from Matthews, Begins: Your Wiser No. 6 of August 16th,[32] procedures for handling urgent U.S. requests.

1. In the absence of Arneson on leave, I discussed this matter today with Chase.

2. He was very well satisfied with your suggestion that my letter to Arneson of August 6th be amended by substituting the words "immediate consideration" for the words "ministerial consideration".

3. When asked whether there were any other amendments which he considered would be helpful when discussing this matter with the Pentagon, he said that he anticipated some difficulties might arise over the paragraph dealing with teletype operators on account of the inclusion of the words "whenever required". I agreed to delete these words when having the letter re-typed, since their deletion would not make our statements inaccurate. A copy of our amended letter† will be sent to you by bag.

[32] Non retrouvé./Not located.

4. Chase welcomes your suggestion that the Air Members of the two sections at the P.J.B.D. meeting might have informal chats concerning the possibility of drawing a distinction between flights which would be politically significant and routine training or testing flights. He said that in his opinion this would be welcomed by the Pentagon and the suggestion coming from us would, he thought, help greatly in having them accept willingly the more formal procedure that has been proposed. He is going to clear this matter with Freeman Matthews and then with the Pentagon and hopes to be able to give us a definite reply within twenty-four hours. Ends.

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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

WISER LETTER NO. 16 Washington, October 4, 1951

WISER—TOP SECRET

Reference: My Wiser Letter No. 15, September 28, 1951.†

ARRANGEMENTS CONCERNING THE POSSIBLE USE OF ATOMIC WEAPONS

1. In my letter of September 28th I said that I would shortly send you some comments and suggestions on the arrangements made with the Department of State. My comments can be divided under two general headings relating, respectively, to questions of procedure and to the future course of the consultations on developments which might give rise to the use of atomic weapons.

2. *Questions of Procedure.*

(a) In your Wiser message No. 6 of August 16th a suggestion was made, which was later accepted, that there should be discussions between the two Air Members of the P.J.B.D. on the possibility of making an acceptable distinction between flights conveying atomic weapons to or across Canadian territory which had political significance and those which could be regarded as routine. We have not heard the results of these discussions, although the State Department has let us know that they took place. I should be glad to learn what is the present position.

(b) General Foulkes when in Washington on October 3rd told me that he had had a talk with General Bradley not long ago (I think during the NATO Council Meeting in Ottawa) on methods of ensuring rapid and secret communication between Washington and Ottawa in an emergency. He mentioned that he and General Bradley had agreed to a telephone code to be used between themselves; a call to him from General Bradley might provide the earliest warning to Ottawa, as information of a sudden military move by the Russians would reach the Pentagon first. This channel would of course supplement and not replace the agreed "Wiser" channel from the State Department to the Embassy to External Affairs.

(c) General Foulkes also told me that arrangements were now in effect to keep open continuously the Rockex communications system between Ottawa and the Canadian Joint Staff, London, and that consideration was being given to keeping open continuously the teletype line equipped with Rockex machines between the Canadian Joint Staff in Washington to General Foulkes's own office. (A second line, operating with Typex machines, which runs from the Canadian Joint Staff here to National Defence Headquarters in Ottawa is already on a 24-hour basis.)

(d) To test our arrangements for establishing rapid communication with the Department at times outside the regular operating hours of the Embassy Communications Section, I propose shortly, without giving warning, to have a trial alarm the purpose of which would be to test the period within which an emergency Wiser message could be put on the wires after the receipt of a warning from the State Department.

Future Course of Consultations on Developments in the World Situation

3. I have not as yet made any effort to arrange another meeting with the State Department as I have thought it unwise to do so unless I knew that matters of some substance would be brought up by the U.S. representatives or by ourselves. The last meeting at the end of July was a disappointing performance. While we have received from time to time intimations that the State Department expected to have something to communicate with us after further talks with the Pentagon, nothing has so far developed. One does not, however, want to leave the consultations too long in abeyance, and I should be glad to learn how you would like me to proceed.

4. I am awaiting word from you on the constitutional matters which were last mentioned in my Wiser Letter No. 10 of July 28th. The State Department, in the light of the information given at the meeting that day, considers that there is no doubt about the constitutional authority of the President to take defensive and retaliatory action against a serious act of aggression without securing congressional approval. The Canadian situation was discussed at a meeting in Ottawa early in July at which I was present, and this discussion was followed by an exchange of letters (not in the Wiser series) between Mr. MacKay and myself, ending with my letter to him of July 23rd.† It seems to me to be important that there should be a further clarification of the extent to which the Government is committed to consult Parliament, and I hope that this matter will be dealt with at the forthcoming session. When Parliament is asked to approve the despatch of the 27th Brigade to the Integrated Forces in Europe, an admirable opportunity seems to arise for making the position clear, in terms which would also cover ministerial authorization of the operational use by the United States of facilities in Canadian territory before a Canadian declaration of war.

5. It would be useful if I could receive your comments on the paper on Atomic Warfare of the United Kingdom Chiefs of Staff, of which a full summary was enclosed with my Wiser Letter No. 8 of July 21st.† Sir Oliver Franks expects to receive detailed U.S. comments on this paper at his next meeting of consultation. I think that it will not be possible to extract from the State Department a similar paper representing the views of the United States Government, as it has been inti-

mated to us that they would be unwilling, for fear of implied commitments, to take up these issues except orally.

6. An important gap in my own knowledge is the very limited information available to the Embassy of the strategic plans of the United States in the event of general war. In commenting on the British paper, in my Wiser Letter No. 8 of July 21st, I remarked that the British Chiefs of Staff appeared to have an extensive knowledge of the United States plans for atomic warfare. This question has a bearing both on matters of policy coming up in the consultations and on particular Canadian issues with respect to questions such as the planning of actual strikes from Goose Bay and the number of atomic weapons which they may wish to store there. Of course on such a subject one cannot expect much; the Canadian Chiefs of Staff may already have some information.

7. Finally, if the State Department suggests that a further meeting should take place, I shall agree. If, however, no such suggestion comes from the State Department, I shall await your views before proposing a meeting.

H.H. WRONG

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Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

WISER—TOP SECRET [Washington], October 23, 1951

I had some discussion of "Wiser" matters in Ottawa with Mr. Pearson and with other officers of the Department. This note records the chief points that arose.

1. *Consultations on Developments in the World Situation*

It was agreed that we should not make a special effort to resume the discussions at the present time, but should, of course, respond to any suggestion for their resumption from the State Department. Mr. Pearson and others spoke highly of the paper on atomic warfare prepared by the British Chiefs of Staff and expressed general agreement with its line of argument. This paper is, I understand, to be reviewed in detail at the next more or less parallel meeting between the State Department and the British Ambassador, and they will be interested in Ottawa to learn of any comments made on the paper at this meeting. I suggested that if matters were left uncomfortably long in abeyance, we might in due course suggest to the State Department that we would like to have them recapitulate their policy as stated at the opening meeting with us last May, so that we could be sure that our report based on notes taken at that meeting reflected accurately their thinking.

Our comparative ignorance of the strategy proposed by the U.S. in the event of war with the Soviet Union came up in these discussions, and I pointed out that the prospects of the development of atomic weapons in substantial quantity for tactical use would presumably affect both matters of general politico-strategic importance and also conceivably the question at what point we should feel justified in employing atomic weapons. I explained that it would be very difficult to get much more

than hints about either the strategic plans or the new uses of atomic weapons, and no one questioned this opinion.

Mr. Pearson raised again the possibility of putting the consultations on a tripartite basis. I told him that I thought this was a matter which he might possibly mention to Mr. Acheson if he had an opportunity to do so when in Paris, adding that so far as I knew the objections related to concern that the French might get wind of these meetings and that the French themselves might find themselves in a position rather similar to ours if the air bases in Morocco were intended for use by the Strategic Air Command involving possibly the storage there of atomic weapons.

2. *Questions of Procedure*

They are expecting us to take the initiative in staging a trial alarm when the Communications rooms here and in Ottawa are both closed. I think that we should do this without much delay. I said that we should probably do it either in the late evening or over a week-end. They are only designating special duty officers over the week-ends and not on week-day evenings. It would be desirable in the trial alarm to ensure that contact is established with one of the senior officers who is fully informed. Would Mr. Ignatieff take this in hand?[33]

They are thinking of arranging that an experienced Communications officer should be in the building[34] at all times, although they have for the present not carried forward the plan to keep the Communications Section in continuous operation. I remarked, and Mr. Pearson agreed, that I thought international conditions were such that the Department should perhaps face the expense of extra staff so as to have its communications operating continuously. In any case, at least what they will, I think, do is to provide a bedroom in the East Block for the use of an operator and to rig up an alarm system which would arouse him if a message began to come in on the special "Wiser" tape.

H.H. W[RONG]

[33] Note marginale :/Marginal note: Noted. G.I[gnatieff] 23.X.51

[34] Note marginale :/Marginal note: i.e. East Block [G. Ignatieff].

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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 WISER NO. 14 Washington, November 8, 1951

WISER—TOP SECRET. IMPORTANT.

PROCEDURES FOR HANDLING URGENT U.S. REQUESTS — DISTINCTION BETWEEN FLIGHTS OF POLITICAL SIGNIFICANCE AND OTHERS

Following for Heeney from Wrong, Begins: As I mentioned when I was last in Ottawa, the U.S. Department of Defense has been busying itself in the last few weeks in drawing up its understanding of the distinction which might be drawn between S.A.C. operations involving Canada which have a political significance and others. Today we were informed by Arneson that the State Department had received a letter addressed to Mr. Acheson from Secretary of Defense Lovett setting out the Department of Defense understanding of how this distinction might be drawn.

2. Ignatieff was given an opportunity of seeing this letter in Arneson's office, and of making notes. The letter starts out by referring to the bilateral conversations which have taken place through Service channels on this general question, beginning with the talks held at the beginning of August between Mr. Claxton, General Foulkes and General Bradley, the talks between Air Vice Marshal Miller and General Walsh during the P.J.B.D. meetings which took place between August 20th and 25th, and subsequent exchanges between General McNaughton and General Henry.

3. Arneson let us have a record of that part of the letter which contains the understanding reached by Defense Department officials on the basis of these talks. The text is as follows:

Text Begins:

"It was understood that the arrangements discussed by the USAF and RCAF participants in the conversations would be bilateral in nature and ex-NATO, leaving any authorizations for SAC operations under the NATO agreement as completely separate and apart from these arrangements.

As a means of clarifying and delineating the problem of SAC operations over Canada, the problem may be divided into the following three elements:

(a) Intransit flights not involving strikes. Such intransit flights would include stops at bases in Canadian territory and overflight of Canadian territory on flights to Alaska, European areas or other bases outside Canadian territory.

(b) Deployments to Canadian bases in preparation for a strike.

(c) Actual strikes from Canadian bases or involving overflight of Canadian territory.

With regard to subparagraph (a) above the recent conversations indicate the Canadian Government is prepared to grant a blanket authorization for such activities. It is understood, of course, that in connection with this authorization a mutually satisfactory prior notification procedure would be developed, preferably on a Service-to-Service level. It appears that this element of the SAC operations problem has now become a matter for confirmation at the political level rather than a matter for further negotiation.

With respect to subparagraph (b) above the Canadians have not specifically indicated a willingness to grant a blanket prior authorization for deployment in preparation for a strike. However, it is believed that this matter should be the subject of further conversations at the political level with the Canadians with a view toward acquiring such authorization together with a mutually satisfactory prior notification procedure. The United States should give the Canadians positive assurance that, if authorization is given for such preparatory deployments, no strikes will be undertaken from Canadian bases without prior approval of the Canadian Government through Government-to-Government channels.

With respect to the SAC activities mentioned in subparagraph (c) above it appears that this is a matter for confirmation at the political level rather than for further negotiation. The Department of Defense is prepared to accept the Canadian requirement that initial strikes from Canadian bases or overflying of Canadian territory on strike operations will not be undertaken without prior approval of the Canadian Government through Government-to-Government channels. Thereafter the procedure should be on the basis of Service-to-Service notification." Text ends.

4. Apart from what may be described as these operative passages, Secretary Lovett's letter had a paragraph dealing with the "Consultations" in which, while endorsing the idea of frequent discussions of world conditions and particularly those which might give rise to general war, he cautioned the State Department that they should not undertake to provide the Canadian or any other Government with specific information relating to how and when atomic weapons might be used. Since the State Department itself have been very emphatic in excluding this subject from the purview of the "Consultations", this caution seems unnecessary.

5. Ignatieff in his conversation with Arneson said that he was unable to offer any official comment on this letter since official reaction would have to come from Ottawa. He did observe, however, that the letter particularly in relation to "intransit flights not involving strikes" did not seem to correspond to the categories which are deemed from the Canadian standpoint to have "important political significance" as set out in your message to Matthews contained in Wiser No. 6 of August 16th. He reserved the Canadian position generally and suggested that if proposals in the terms of Secretary Lovett's letter were to go forward unchanged to the Canadian Government, it would be probable that the Canadian Government would have to suggest substantial changes before agreement could be reached. It was therefore proposed and agreed that comment would be sought as soon as possible from Ottawa to enable the State Department to provide the Department of Defense with some preliminary Canadian reaction, and that thereafter an effort should be made as soon as possible to arrive at an understanding of the arrangements in writing which

would be acceptable to the U.S. Government and to the Canadian Government, to be recorded in a letter from the State Department to myself.

6. As far as my preliminary reaction is concerned, the main difficulty seems to arise in the efforts of the Defense Department in "clarifying" arrangements concerned with "intransit flights not involving strikes". The letter, which I understand was drafted by General Walsh, suggests that as a result of Service-to-Service talks the Canadian Government might be prepared to grant a blanket authorization for all such activities. Such "intransit flights" would not only include such routine operations as overflight exercises or the rotation of non-nuclear components located at bases abroad, but would presumably include all preparatory deployments of nuclear and non-nuclear components involving flights over Canada and stops at bases in Canadian territory. Liberally interpreted by the U.S. authorities it would presumably cover in effect the use of Canadian territory for ferrying weapons to advance bases overseas without the specific concurrence of the Canadian Government until the point is reached where actual strike operations involving Canadian bases or Canadian air-space are necessary. I find it difficult to believe that such SAC operations would be regarded by any Canadian Government as being devoid of "important political significance".

7. The second possible objection relates to arrangements concerned with "deployment to Canadian bases in preparation for a strike". This activity would include the storage of unassembled atomic weapons in Canadian territory. The Department of Defense appears to be sanguine that the Canadian Government might be willing to give "prior blanket authorization" for the carrying out of such operations subject to "prior notification procedure". In this case the Department of Defense does not seem to have interpreted any Service-to-Service talks as indicating a willingness on our part to agree to such an arrangement. However, clarification of our views is evidently desirable on this point if we are not to become involved in rather profitless "conversations at a political level". A satisfactory aspect of the letter is the unequivocal recognition that "prior approval" of the Canadian Government through "Government-to-Government channels" is required in regard to any strikes from Canadian bases or overflight of Canadian territory on strike operations. The rider attached to this understanding that "thereafter the procedure should be on the basis of Service-to-Service notification" presumably means that such operations would only be undertaken in the event of war and that the Canadian Government's initial consent would amount to an agreement to enter into hostilities.

8. It would also be necessary to take a very careful look at the language in the first paragraph of the passages quoted above. The reference to the arrangements discussed being "ex-NATO" might mean that the U.S. authorities have in mind making requests of the Canadian Government related to emergencies which might arise outside the territory defined in the North Atlantic Treaty. This will evidently require clarification.

9. While this whole subject it is understood should be kept out of P.J.B.D. channels, it is evident that McNaughton and Henry have already been involved in some degree in these matters, and I think therefore it would be desirable to have some guidance before the P.J.B.D. meeting next week. In any case I think it is desirable

that some reaction should be forthcoming on our side before the Defense Department becomes too fixed in its apparently optimistic interpretation of the results of the talks so far held through Service channels in defining what we would regard as requests having important political significance and otherwise. Ends.

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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 WISER NO. 15 Ottawa, November 15, 1951

WISER—TOP SECRET

Reference: Your teletype Wiser No. 14 of November 8.

PROCEDURE FOR HANDLING URGENT U.S. REQUESTS — DISTINCTION BETWEEN FLIGHTS OF POLITICAL SIGNIFICANCE AND OTHERS

Following for Wrong from Heeney, Begins: We have now had some opportunity to consider the information given in your message, and have reached tentative conclusions concerning our course of action. It is the purpose of this message to outline what we think might be done, and to ask for your comments.

2. As Ignatieff suggested to Arneson, we would not (not) wish to receive formal proposals in the terms of Mr. Lovett's letter. Presumably our "preliminary reactions" as they may be given to the State Department will be incorporated in a reply from Mr. Arneson. Before any formal communication is made to the State Department, there are certain points which we think you should raise informally with Arneson. Upon some of these points we will have the authority of the Prime Minister before taking any position, but we do not (not) wish to make recommendations to him without (without) first consulting you. We are outlining below, therefore, the line which we are disposed to recommend to the Prime Minister as a basis for your approach to the State Department. Immediately we receive your comments we will seek Mr. St. Laurent's authority to instruct you.

3. We would propose to put the problem to the Prime Minister in terms of the three categories of flights listed in Lovett's letter and quoted in your paragraph 3. We are inclined to consider all three of these categories as including flights of "political significance" in the sense of our previous discussions. We are not (not) aware of having indicated that the Government is prepared to grant a "blanket authorization", subject only to notification, for flights in any of these categories. After re-examining the problem, however, we are now prepared to recommend that the Government grant a "blanket authorization" for flights in category A, namely "in transit" flights not (not) involving strikes, to areas outside of Canadian territory. This "blanket authorization" would not (not), of course, cover the movement of assembled bombs, for which Government authorization would be required in each

case, but only the movement of nuclear components or "containers" in a condition where they could not (not) be detonated. Such authorization would be subject to a mutually satisfactory procedure for prior notification on a service level.

4. A point of some importance would arise concerning the term "mutually satisfactory" in relation to the notification procedure. We should not (not) wish the notification merely to relate to flight clearances for individual aircraft. We think we would be given the maximum information of possible political significance in relation to the operations being undertaken. We realize that it is probably unlikely that the Defence Department would be willing to tell us, in connection with any particular series of flights, exactly how may special weapons were to be moved or exactly where they would be deployed. Nevertheless, we should wish to have some general information on these points. A satisfactory notification procedure would involve a general statement of the programme contemplated, such as was given in your Wiser Telegram No. 10 of September 1.† In connection with the recent series of flights to the U.K. beyond such a statement we should require only the service level flight clearances which are usual for other USAF operations, except that we should expect to be informed of any significant changes in the programme.

5. We consider that you should be instructed to explain to the State Department this position concerning flights in category A making it clear that this is a new position as far as the Canadian Government is concerned. You should then go on to discuss categories B and C.

6. The provisions of Lovett's letter applying to category C appear entirely satisfactory to us. We should be happy to see them put in writing in a letter from the State Department to yourself (as suggested in your paragraph 5), together with the new understanding to which I have referred concerning category A.

7. The most difficult problem arises in connection with category B. It seems clear that Lovett thinks that completely satisfactory arrangements for category A merely require formal confirmation, and that the same arrangement should be made for category B. It is our view that flights in category B are of such potential political significance that we could not (not) agree to a procedure such as has been proposed by Lovett for category A. In general we would wish to have as much time as possible in which to assess the factors in the situation which might lead the U.S. Government to a decision either to launch an atomic attack or to deploy atomic weapons in preparation for such an attack, although we recognize that time might not (not) always permit this. Obviously we would like to have such information in relation to any possible atomic attack, whether involving Canadian facilities or not (not), and we hope that the special consultations will serve to keep us informed on this subject. Any such attack, however, for which Canadian facilities might be used would be of special political importance to Canada, and, for such an attack, it would be imperative that we should have the fullest possible account of the circumstances necessitating it. In this context, we regard deployment on Canadian territory as of importance, because we would expect that it might be carried out long enough in advance of any actual strike for us to [be] brought fully into the picture. A request for permission to launch strikes from or through Canadian territory might be so urgent that no (no) time would be given us for weighing ourselves the issues

involved. On the other hand, the urgency would not (not) likely be so great in a case of advance deployment. Indeed, we are inclined to regard both deployment in preparation for a possible strike and the actual launching of a strike as likely to be of almost equivalent political importance. The chief distinction between the two is the probable time factor involved.

8. In proposing that the permission of the Canadian Government should be obtained prior to the deployment of atomic weapons on Canadian territory, we should not (not) necessarily insist upon Government consideration of each individual flight. We would suggest that an agreement be reached concerning flights of this type under which the Canadian Government might be asked to approve some general deployment operation. Under such an arrangement, individual flights and associated movements within such a general programme might be undertaken subject to notification on a service level and on the understanding that the Canadian Government would be consulted concerning any substantial subsequent modification of the general programme.

9. In summary, we propose to recommend to the Prime Minister that you be authorized to inform the State Department:

(1) That the government is prepared to give "blanket authorization" for "in transit" flights to areas outside of Canadian territory, subject to agreement upon a satisfactory notification procedure and on the condition that no (no) assembled atomic weapons be carried without (without) the explicit approval of the Government.

(2) That the Government is not (not) willing to grant similar blanket authorization for atomic strikes from or over Canadian territory, or for deployment of atomic weapons on Canadian territory.

(3) That the Government would agree to an arrangement under which it might grant prior approval for a general programme of deployment of atomic weapons on Canadian territory on the understanding that individual flights and related operations in the context of the approved programme could be carried out subject only to normal flight clearances as long as the approved programme was not significantly changed.

11. We should be grateful for your comments. Ends. Message Ends.

710.

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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 WISER NO. 16 Washington, November 17, 1951

WISER—TOP SECRET

Following for Reid from Wrong, Begins: Heeney's Wiser No. 15 of November 15th. Procedure for Handling U.S. Requests.

1. I agree that all three categories of flights listed in Lovett's letter to Acheson include flights of political significance. I have some doubts whether we should go as far as the proposal summarized in paragraph 9(1) of the message under reference, but I agree with the proposals in paragraph 9(2) and (3).

2. I suggest that before consulting the Prime Minister you should seek an opinion from the RCAF on the probability of any strikes with atomic weapons being made in the event of war from Canadian bases or through Canadian airspace. My impression is that intercontinental bombing is no longer considered a practical possibility because of the vulnerability of unescorted B.36's and B.29's to attack by Russian jet fighters. Indeed, in Korea escorted flights of B.29's have proved too costly to be continued in daytime. It seems to me unlikely therefore that any flights falling within Category (c) of Lovett's letter would take place at least until new carriers for atomic weapons have been developed of very long range and very high speed. You might consult Solandt as well as the RCAF on this point.

3. In practice therefore our national political interests will probably for some years have to be safeguarded through procedures devised under Categories (a) and (b). In this connection mention of the domestic procedures adopted by the U.S. Government is not irrelevant. As previously reported, the release from the custody of the Atomic Energy Commission to the Strategic Air Command of both containers and nuclear components for atomic weapons requires the personal authorization of the President, given after consultation with the Secretaries of State and Defense and the Chairman of the Atomic Energy Commission. Similar consent is required for the deployment by SAC outside the United States of the bombs and also of their nuclear cores. (It is unlikely that except on actual strikes any flights by SAC would be made with fully assembled bombs.) This indicates that the political significance of the movement of atomic weapons is recognized at all stages by U.S. Government practice, although they are asking us to recognize that several types of flight involving Canadian territory do not have political significance.

4. While I think that we should agree to some modification of our present arrangements and to a greater use of the Service-to-Service channel, we must be careful not to go too far. It should, I think, be established clearly what channel is to be used between the Services, and I would prefer that this should be from Chief of Air Staff to Chief of Air Staff. I presume that instructions could be given to the C.A.S. in Ottawa that he can only reply to such requests after consultation with the Minister of National Defence, who would himself normally consult the Prime Minister and Secretary of State for External Affairs. Furthermore, we might insist that whenever the Service channel is used in this connection a minimum notice of at least forty-eight hours must be given, in addition to the provision through this channel of information of the sort outlined in your paragraph 7.[35]

5. Another point is that in paragraph 3 you refer to the movement of containers "in a condition where they could not be detonated". You will remember the explosion over the St. Lawrence River a couple of years ago of a container which had to

[35] Note marginale :/Marginal note:
(+ all nuclear component deployments should be cleared.) G[eorge] I[gnatieff]

be jettisoned. My impression is that containers carried on flights in Categories (a) and (b) can always be detonated because of the importance of the destruction of the bomb if the aircraft gets into difficulty.

6. You make no mention of the first quoted paragraph of Lovett's letter, which refers to these arrangements being "ex-NATO". I think this point needs clarification also. It is my understanding that through the approval of the strategic concept governing NATO military plans, the Canadian Government assumed an obligation to assist the United States in carrying out its responsibilities for the strategic air offensive. No such obligation can be said to exist in relation to responsibilities which the United States has assumed or may assume outside the NATO area.

7. I think that we should not reply at once to the proposals of the Department of Defense. We might suggest that the State Department should now only acknowledge Lovett's letter and say that it is under discussion with the Canadian Government. Arneson is now in Paris, but we could tell Chase, his Deputy, that because of the absence of some of the Ministers concerned in Europe it will take us a little time to formulate the views of the Canadian Government.

8. Another reason for delay is that the British have not got as far as we have in making specific arrangements covering the U.S. bases in England, and that this is almost certain to be a matter which Mr. Churchill will take up when he visits Washington in January. I am reporting separately on the state of the British discussions on this subject. Ends.

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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 WISER NO. 18 Washington, November 23, 1951

WISER—TOP SECRET

Following for Reid, Begins: Reference my Wiser No. 16 of November 17th, paragraph 7.

1. Chase (Arneson's Assistant) has told us that it would be helpful if we could inform him definitely that there would be some delay before we would be able to comment on the proposals of the Department of Defense reported in my Wiser No. 14 of November 8th, giving as the reason the absence of senior Ministers concerned in Europe on U.N. and NATO business. He would then be able to prepare an acknowledgement of the letter from the Secretary of Defense, saying that its contents had been taken up with the Canadian authorities but that consideration of the proposals would have to await the return to Ottawa of the Ministers in question.

2. I have a further suggestion to make on the substance of these proposals for consideration in Ottawa. It arises out of a discussion with the British Embassy. As I think you know, no nuclear components for atomic weapons have so far been trans-

ferred from the custody of the Atomic Energy Commission to the U.S. Air Force for transfer abroad. We might consider whether *all* flights involving the deployment of the nuclear cores of weapons either to Canadian bases or through Canadian airspace should be regarded as having political significance. If this were acceptable here, it should make it easier to agree to a considerable relaxation of the present procedure governing the deployment of weapons without the nuclear cores, since such weapons cannot, of course, be used until they are completely assembled. Ends.

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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 WISER No. 17 Ottawa, November 24, 1951

WISER—TOP SECRET

Reference your Wiser No. 18 of November 23.
Following for Wrong from Reid, Begins: We approve your proposal to inform Chase that, as the senior ministers concerned are at present in Europe, there will be some delay before we can comment on the proposals of the Department of Defense reported in your Wiser No. 14 of November 8. For your own information, we are handicapped by the absence from Ottawa not (not) only of Mr. Pearson and Mr. Claxton, but of Heeney and MacKay in our own Department, Soland and Foulkes in National Defence. I am a little hesitant to discuss the question with Curtis in the absence of Foulkes; up to this time Curtis has not been brought into the subject as far as we are aware, in spite of the fact that, in a limited sense, Miller was given information on it for the PJBD meeting conversations in August. We shall, therefore, be more than happy to let the matter rest until the return of the party at present at Rome.[36]

2. The suggestion in your paragraph 2, relating to a possible differentiation between the movement of nuclear cores and of weapons lacking nuclear cores is interesting. It is my impression that this possibility was examined some time ago and was not considered particularly useful in relation to the development of the negotiations to that point, but we shall re-examine this matter while awaiting the return of the various people I have mentioned. On preliminary consideration, it seems to me that this distinction might be much more useful now that the various US authorities (i.e. both State Department and Defense Department) are apparently willing to commit themselves explicitly to obtain the approval of the Canadian Government in certain specific cases. Message ends.

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[36] Note marginale :/Marginal note:
G[eorge] I[gnatieff] Please act on para[graph] 1 H.W[rong].

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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

WISER LETTER NO. 21 Washington, November 28, 1951

WISER—TOP SECRET

Reference: Your Wiser No. 17 of November 24, 1951.

PROCEDURES SUGGESTED BY THE UNITED STATES AND RELATED QUESTIONS

1. Mr. Ignatieff on November 26th informed Mr. Chase of the State Department that there would be some delay before Canadian comments could be offered on the proposals of the Department of Defense, submitted to you in my message Wiser No. 14 of November 8th, because of the absence in Europe of several of the Ministers directly concerned. Mr. Chase is therefore preparing an interim acknowledgment of the letter from the Department of Defense.

2. He told Mr. Ignatieff that an officer on the staff of General Walsh had come to see him, apparently in order to find out how the State Department regarded "the apparent change in the position taken by the Joint Chiefs of Staff" (to use Mr. Chase's words) in seeking to obtain a detailed arrangement in writing covering the handling of requests involving Canadian territory and facilities. Mr. Chase said that he had explained that what really mattered was not the view taken by the State Department, but that of the Canadian Government. He remarked that the State Department was accustomed to rely on the confidence existing between the two governments in dealing with matters of importance rather than on written agreements, and recalled the promptness with which all the requests received from the Air Force had been dealt with in Ottawa. He went on to suggest that the new proposals obviously required very careful consideration in Ottawa, and in speaking to Mr. Ignatieff he was clearly sympathetic with our view that it would be necessary to take some time before commenting on them.

3. Mr. Chase then referred to press reports from Rome of General Eisenhower's remarks to the NATO Council to the effect that while NATO planning could take into account the use of atomic weapons for tactical purposes, this would not reduce the military requirements. He expressed concern lest the degree of experimental development of new types of atomic weapons should be exaggerated and an impression conveyed that would over-emphasize the results attained and also the military value of such weapons in field operations.

4. Mr. Chase then referred to the discussions on atomic energy which are expected to take place during Mr. Churchill's visit in January. Neither the State Department nor the British Embassy has received any information on the line which Mr. Churchill is likely to take, and it is not unlikely that no advance notice will be given of the particular matters which he will raise. Mr. Chase is now partici-

pating in a review of the "position papers" of the State Department on this subject in preparation for the visit. He appreciates that Mr. Churchill may present some difficult questions about the Quebec Agreement, such as securing the consent of both governments before atomic weapons are used and broad issues of the full sharing of information on research and development. In addition, the question of the testing of the first atomic weapon developed in the United Kingdom is still unresolved and no reply has been received from London to the U.S. proposals which were taken back for consideration by Mr. Penney late last summer after his visit to the United States.

5. Sir Oliver Franks told me yesterday that although Mr. Churchill mentioned in a telephone conversation with him that he would want to discuss "the atomic bomb" when he was in Washington, he has received no details whatever. Presumably Lord Cherwell and Sir Roger Makins, who will be accompanying him, will act as his principal advisers in this field. He is not bringing with him any scientific advisers engaged in atomic development in the United Kingdom. Sir Oliver is making no move to continue consultation with the State Department at present and thinks it better to leave matters where they stand, as reported in Wiser Letter No. 20 of November 17th.† Mr. Churchill is already in a position to make a public statement, if necessary, covering both the use of the U.S. bases in the United Kingdom in an emergency and continuing consultations on developments in the world situation.

6. To judge from Mr. Chase's remarks to Mr. Ignatieff, the State Department is likely to seek to restrain any impatience which may be displayed by the Department of Defense over a delay in receiving Canadian comments on their proposals. I close by repeating the opinion which I have previously expressed that we should seek to postpone our comments until after Mr. Churchill's visit to Washington and Ottawa.

H.H. WRONG

SECTION F

TORBAY

714. DEA/50216-A-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, March 22, 1951

UNITED STATES AIR REQUIREMENTS NEWFOUNDLAND — TORBAY

At a meeting in Air Vice Marshal James' Office this morning, General Whitten, Commanding General, United States Northeast Command, explained that the air requirements in the Newfoundland area were much greater than previously anticipated. He said that at a meeting of SAC, MATS and his Command recently it had been agreed that existing facilities would be quite inadequate in the event of hostili-

ties. In particular, they would wish the use of Torbay and, if available, would want facilities greatly enlarged there. Improvements would include extension of two of the present runways to 9000 feet to take B36's, as well as extensive areas for "parking", work shops, housing accommodation, etc. He anticipated that expenditure there perhaps would equal or surpass that for 1951 at Goose. Rough estimates have been already made and supplementary appropriations are being asked so that the work could get underway this summer if we are agreeable.

The functions of Torbay would be that of a staging base for SAC and MATS planes going to the Azores or the Mediterranean, although it would also be a staging field for planes going direct to Europe. On enquiry, General Whitten said that it was not anticipated that storage facilities for special weapons would be needed at Torbay except in the event of hostilities. In this respect Torbay would be unlike Goose.

General Whitten said that it was anticipated that another field would also be needed in the event of hostilities and that some thought had been given to an area near Clarenville (or Shoal Harbour) as a possible site. They are not, however, asking for appropriations for such a field this year and I gather that they are not likely to ask us to consent to such a field this year.

It is anticipated that the Appropriations Committee of the Armed Services will deal with General Whitten's request next week and, if the request is approved, we shall likely hear shortly. It was suggested to General Whitten that this matter should be taken up informally before a formal request was made and that the alternative ways would be either an enquiry from the U.S. Air Member, PJBD, to the Canadian Air Member, or the matter might be put on the agenda of the next meeting of the PJBD.

Such a request would raise grave questions for us. We were told only in January that the United States would not have requirements beyond Goose Bay, communication facilities and radar sites in the Newfoundland area. Torbay is on the outskirts of St. John's and its development as proposed would make it more of a target area than at present and especially if used by SAC. This would certainly raise problems of defence, probably both for the RCAF and Canadian Army. Inevitably the question of tenure would be raised. There is perhaps a good deal to be said for Canada developing the field, thus avoiding the questions of title and tenure, even if the cost would be substantial. Construction of the field would be a fair contribution to NATO. There is also something to be said for developing a new field entirely away from the settled area.[37]

R.A. M[ACKAY]

[37] Note marginale :/Marginal note:
Mr. MacKay, thanks — agree we'll have to watch [A.D.P. Heeney]

715. 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], April 17, 1951

. . .

IV. TORBAY AIRPORT; ADDITIONAL FACILITIES FOR, AND SURVEY BY THE U.S.A.F.

32. *The Secretary of State for External Affairs* recalled that, under a lease between the Department of Transport and the U.S. Northeast Command (St. John's), terminable on 30 days' notice, the U.S. Air Force had the use of a small number of buildings at Torbay airport, the personnel concerned being quartered at the nearby leased base. In view of increased U.S.A.F. maintenance and air freight activities at Torbay, the U.S. Government had enquired in a note of March 6, 1951 whether certain barrack and storage space could be made available to the U.S.A.F. as an addition to the present lease. The U.S.A.F. would carry out certain repairs on these buildings. In addition, in a note of March 5, 1951, the U.S. Government had asked permission for the U.S.A.F. to install and operate certain navigational aids at the airport. These plans involved the quartering of about 260 U.S.A.F. personnel at Torbay. The Chiefs of Staff had recommended approval of the two requests, subject to agreement at the official level on technical aspects of the proposed operation of electronic equipment.

An explanatory memorandum had been circulated.

(External Affairs memorandum, April 16, 1951 — Cabinet Document D-282)†

33. *The Minister of National Defence* pointed out that these requests probably did not represent the U.S.A.F.'s total requirements at Torbay. The U.S.A.F. might desire to expand the facilities at Torbay to something like the scale contemplated for Goose Bay — and for the same purposes. In this case it would no doubt want a lease along the lines of that proposed for Goose Bay. This would result in a second large U.S. military establishment in the vicinity of St. John's. Acceptance of the present requests, while perhaps difficult to avoid, would inevitably affect the possibility of refusing a subsequent proposal for large-scale development.

34. *The Acting Chief of the Air Staff* said that he had been informed by the U.S.A.F. that it wished to carry out an early survey of Torbay. An official request for permission for this survey, on which would be based a subsequent request for authority to carry out expansion of U.S. facilities at the airport, was about to be received by the Canadian authorities through the State Department.

35. *The Minister of Trade and Commerce* saw no real objection to the present U.S. requests. The additional navigation aids would assist both U.S. and Canadian aircraft.

36. *The Under-Secretary of State for External Affairs* explained that the fact that the barrack and storage space presently sought by the U.S.A.F. was vacant might make it difficult to refuse to lease it.

37. *The Prime Minister* agreed that the additional navigation aids would be an asset to Canadian aviation. He suggested that, if it were not wasteful for the United States to expend resources on Torbay, it would be to the general advantage for it to do so and it would therefore be undesirable for Canada to raise obstacles to the U.S.A.F. having additional facilities simply because they would be on Canadian soil. If U.S. requirements at Torbay were consistent with NATO plans, it appeared desirable for Canada to be co-operative in the matter. The United States always met the requests of the Canadian forces for facilities in the United States, as in the case of Fort Lewis, Washington, where the Canadian Army Special Force had trained.

38. *The Minister of Finance* pointed out that the local population would welcome an increase in U.S. activities at Torbay.

39. *Mr. Pearson* suggested that there was an appreciable difference between arrangements for Canadian Service units to train in various parts of the United States for a few months and the long-term plan of the U.S.A.F. to maintain a large establishment at Torbay for a number of years. If, eventually, there were a real change in the world situation, there would be no question of large U.S. forces remaining in European countries. It would, however, be more difficult to arrange for U.S. forces to be withdrawn from installations in Canada which would be considered part of the continental defence system. At the same time, there would be obvious difficulties in rejecting the present U.S. requests regarding Torbay.

40. *The Chairman, Chiefs of Staff Committee* pointed out that the more the U.S. forces became involved in Newfoundland, the greater would be the American responsibility for the air defence of the area.

41. *The Committee*, after further discussion:

(1) approved the requests of the U.S. Government of March 5 and 6, 1951, for certain barrack and storage space at Torbay airport to be made available to the U.S. Air Force as an addition to the present lease, and for permission for the U.S.A.F. to install and operate certain electronic equipment, these projects entailing the quartering of some 260 U.S.A.F. personnel at the airport;

(2) agreed that this decision be reported to Cabinet later in the day;

(3) agreed that there was no objection to the U.S.A.F. carrying out an early survey of Torbay if, on receipt, the official request for this survey were considered satisfactory by the Ministers of National Defence, External Affairs and Transport.[38]

[38] À sa réunion du 17 avril 1951, le Cabinet plénier a noté avec approbation le rapport du ministre de la Défense nationale portant sur ces décisions.
At its meeting on April 17, 1951, the full Cabinet noted with approval the report of the Minister of National Defence on these decisions.

716. DEA/50216-A-40

Note de la 1ère Direction de liaison avec la Défense pour le chef de la 1ère Direction de liaison avec la Défense

Memorandum from Defence Liaison (1) Division to Head, Defence Liaison (1) Division

SECRET [Ottawa], April 23, 1951

Mr. Morgan called this afternoon and left with me Note No. 322 of April 23,† in which authority was requested for the USAF to carry on exploratory conversations with the appropriate Canadian authorities regarding a proposed lease of Torbay Airport, Newfoundland.

2. I pointed out to Mr. Morgan that this was an unusual request. We all knew that informal discussions on defence projects were taking place all the time without the benefit of a prefatory note. It seemed to me that in effect the note was requiring us to give some sort of agreement in principle to a lease the nature of which was not made clear in the actual note. I went on to point out that the note did not give any indication of the extent of the lease, whether, for instance, the USAF intended to share the airport with the RCAF, or whether they had hopes of taking it over.

3. Mr. Morgan said that a favourable reply to the note would not commit us in principle, since the note said "discussions ... will in no way bind either party to the ultimate leasing of the field". I then asked Mr. Morgan why the note was being presented in this form. He replied that he did not know, since the Embassy had merely been instructed to pass it on, but he assumed that it was merely to give us general warning of intentions. In connection with the intentions, I asked Mr. Morgan if this note was to be taken as an indication that the idea of a new airfield in the Newfoundland interior had been abandoned for the present, or if the two projects were to be considered alternatives. Mr. Morgan said that the Embassy did not know. He asked me whether I wished him to obtain replies to these questions from the State Department, and added that probably A/V/M James knew much more about it than the U.S. Embassy. I said that I would not ask him to obtain any further information at this stage, and promised that I would bring the note to the attention of the appropriate authorities as quickly as possible. I observed to Mr. Morgan that it was perhaps unfortunate that we received this note, in effect suggesting extensive and undefined rights at Torbay, just six days after Cabinet Defence Committee had been asked to consider one specific and limited request on the same field. I mentioned the natural desire of the Canadian authorities to be put entirely in the picture as soon as it appeared feasible. Mr. Morgan said he appreciated this point, but pointed out that although we had replied to the Torbay note only a few days ago, the U.S. note had been in our hands for some time.

5. After Mr. Morgan left, I telephoned A/V/M James to acquaint him with the contents of the U.S. note. He told me that General Walsh had put this up to the State Department a short time ago. A/V/M James considered the note inept, since it asked both for rights to survey, a request which might be easily be granted, as well as a vague half-commitment on the future of the field. The second request would take long consideration and might well hold up the survey. A/V/M James said he

was acquainted with U.S. intentions, but he vigorously protested that this did not absolve the U.S. authorities from stating their intentions clearly and precisely in the diplomatic request. I explained to A/V/M James that our initial inclination was to write to the Chiefs of Staff saying that we proposed asking the U.S. authorities for further information. A/V/M James warmly agreed that this was the wisest course of action.

R.A.J. P[HILLIPS]

717. B.C./Vol. 252

Note de l'adjoint spécial du premier ministre pour le ministre de la Défense nationale

Memorandum from Special Assistant to Prime Minister to Minister of National Defence

TOP SECRET [Ottawa], April 23, 1951

RE FACILITIES IN CANADA FOR JOINT CANADA-U.S. DEFENCE OPERATIONS

You asked me to put briefly in writing the points I tried to make in conversation today about my reflections on the implications of the use of Torbay Airfield by the U.S. forces.

I have been very worried for a long time that sooner or later someone is going to say that while we are sending our legions to defend the frontiers of civilization on the Yalu and the Elbe, we are permitting our own country to be occupied strategically by the Americans. I know this is a very extreme way of putting what is, nevertheless, a disquieting situation.

I do not see why it should be necessary for us to lease any more bases or any other facilities to the Americans for any term of years. What I would suggest instead is that we undertake ourselves to provide any defence facilities which our Chiefs of Staff, after consultation with theirs, are satisfied are required for the joint defence of the continent and that the costs be divided on some ratio to be agreed upon, with an understanding that the facilities be available to the forces of both countries in peace or in war — so long, in the latter case, as both countries are engaged in the same war. That it also be understood that any earnings of U.S. dollars through this arrangement be earmarked exclusively for Canadian defence expenditures in the United States and thereby help to meet the deficit we are likely to incur in reciprocal arms dealings.

In order to make it abundantly clear to the Americans that these demands for facilities do create real political problems for us, it might be worth considering a request for the setting aside for the use of the Canadian Army and Air Force of a training area somewhere in the Southwestern United States, for winter training only, and that in making the request we ask precisely the same privileges and immunities for our forces as the Americans desire to receive for theirs in Canada. This might be an extremely useful exercise, even if we had no intention of using

the field, though that possibility by no means needs be ruled out as it might be a great deal cheaper than providing winter quarters in Canada, and might even stimulate recruiting for the Army the way the Caribbean cruises are alleged to do for the Navy.

We have clearly got to face the fact that the Americanization of our army equipment is creating a permanent potential burden on the Canadian economy which the Americans are going to be very reluctant to offset by defence purchases in Canada. On the other hand, they apparently really need defence facilities in Canada for joint defence, and it seems to me that it would be both self-respecting and sensible to make an arrangement whereby we would ourselves provide and control these facilities while agreeing to make them freely available in return for the kind of consideration which would contribute materially to balancing the accounts.

What I would really like to see is a new and much broader Hyde Park which would tie all these things up in a single parcel.[39]

It might even be that the administration at Washington would not be too averse to some move of this kind which might be a distraction from other defence debates now current.

J.W. P[ICKERSGILL]

718. DEA/50216-A-40

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, April 24, 1951

Dear General Foulkes,

With reference to our telephone conversation, I have received Note No. 322 of April 23 from the United States Embassy, which reads as follows;

"The Ambassador of the United States of America presents his compliments to His Excellency the Secretary of State for External Affairs and has the honor to request the permission of the Canadian Government for the United States Air Force to carry on exploratory discussions with the appropriate Canadian authorities regarding a proposed lease of Torbay Airport, Newfoundland. Present tentative plans of the United States Air Force propose considerable construction and development of that airfield.

"The approval of the Canadian Government is also requested for the United States Air Force to carry out such preliminary engineering surveys at Torbay Airfield as are necessary in connection with the contemplated lease and construction.

"The United States Air Force emphasizes the fact that the proposed discussions will be informal and exploratory and will in no way bind either party to the ulti-

[39] Voir Canada, *Recueil des traités*, 1941, N°. 14./See Canada, *Treaty Series*, 1941, No. 14.

mate leasing of the field. In the event that satisfactory arrangements can be made between the United States Air Force and the appropriate Canadian authorities, it is the intention of the United States Air Force to follow the same procedure which has been used in the matter of the Goose Bay lease to secure the approval of the United States and Canadian Governments; i.e., the two air forces will reach agreement, after which the proposed terms will be referred back to the two Governments for approval."

Several difficult questions are raised by this Note. The *first* is one of method. It seems to me that, although it would be appropriate for the United States Air Force to discuss with the Royal Canadian Air Force the kind of physical facilities required at Torbay by the U.S.A.F., it would be inappropriate for the two Services to talk about "a proposed lease". The latter is a political rather than a military problem and should, I think, be discussed between the two Governments on a political basis rather than through the two Air Forces as a Service matter.

The *second* question is one of need and purpose. In this connection a basic factor is the decision of the Standing Group in SGM-267-50 to allocate to the United States, on behalf of all NATO countries, the task of conducting "the strategic air offensive against vital elements of the Soviet war-making capacity". Subsequently the NATO Deputies approved a document (D-D/183)† saying that "member nations should ... agree to give immediate and special attention to ... granting these requirements (for base facilities) as appropriate". Another relevant fact is that the United States has just placed before CUSRPG Planners an amendment to Appendix "G" to the CUSRPG Short Term Plan, and this amendment states that a base at Torbay will be required for the strategic air offensive. Although we have this information from NATO documents, I think that the United States Government ought to give directly to the Canadian Government a clear explanation of the reasons for proposing "considerable construction and development" of Torbay.

The *third* and most important question, I suggest, is whether we should even consider a "lease" of Torbay or any part thereof. The United States authorities, in drafting the Note, seem to have assumed that, because we agreed to give a lease at Goose Bay, we would accept the idea of a lease at Torbay.

The fact, is, of course, that one of the main reasons for offering a lease at Goose Bay was as an inducement for the settlement of our request for the revision of the Leased Bases Agreement and that reason is not relevant to the Torbay request. I am increasingly worried by the possible consequences to Canadian sovereignty of granting leases to the United States for defence installations. I am inclined to think that the time has come to say that the lease form is inacceptable, although we are of course ready to let the United States use and improve defence facilities in Canada where such use or improvement is shown to be necessary for our joint defence or pursuant to NATO plans. My feelings on this subject have been fortified by the information (in telegram No. 933 of April 18† from Canada House) that the United Kingdom does not give the United States any leases or even "assured rights of occupancy". This question of lease or no lease will of course be for the Government to decide and it is not necessary to settle it now.

The immediate problem to be disposed of is the nature of the first reply to be sent to the United States Embassy. Following is a draft reply which I propose to submit to my Minister:

"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 latter's Note No. 322 of April 23 regarding Torbay Airport.

"The Canadian Government has no objection to the United States Air Force carrying out preliminary engineering surveys at Torbay Airport. Detailed arrangements respecting the surveys should be made by the U.S.A.F. in co-operation with the Royal Canadian Air Force.

"There would be no objection to the U.S.A.F. carrying on exploratory discussions with the R.C.A.F. regarding the physical and technical requirements of the U.S.A.F. at Torbay.

"However, it is desired that any discussions, even of an exploratory character, regarding a proposed lease or other legal rights desired by the United States Government at Torbay should be conducted with the Canadian Government through diplomatic channels and not between the two Air Forces. In preparation for any such discussions, it would be helpful if the Ambassador could provide as much information as possible (other than technical information which will be given through U.S.A.F.—R.C.A.F. channels) regarding the tentative plans of the U.S.A.F. for construction and development of Torbay. Information is also desired regarding the nature of the use which the U.S.A.F. would like to make of Torbay. Thirdly, it would be useful to have an explanation of the place of Torbay in the strategic plans of the U.S.A.F. in the Newfoundland area.

"As the Permanent Joint Board on Defence is meeting on May 7, it is suggested that it would be desirable to ask the Board to consider, at least in a preliminary way, the plans of the United States Government relating to Torbay. Such consideration, even if it did not lead to a specific Recommendation by the Board, would no doubt clarify the questions involved."

As there is little time left before the PJBD meeting, I should be grateful for an early expression of your views on the proposed reply. Also, would you please advise me on the position of the Department of Transport in this matter — ought we to seek their concurrence before agreeing to any surveys at Torbay?

Yours sincerely,

A.D.P. HEENEY

719. DEA/50216-A-40

Note du ministre de la Défense nationale pour le Comité des chefs d'état-major

Memorandum from Minister of National Defence to Chiefs of Staff Committee

TOP SECRET [Ottawa], April 24, 1951

The U.S. request for additional facilities at Torbay raises again the implications of increased establishments for joint defence within the territory of Canada. This is not a question as to whether installations that are militarily necessary should be done or not, but a question as to how they should be done and by whom.

Sooner or later someone is going to say that while we are sending our troops to defend the frontiers of civilization on the Yalu and the Elbe, we are permitting our own country to be occupied strategically by the Americans.

Torbay is a case in point. Six months ago Mr. Finletter and General Vandenberg asked me in Washington if we would have any objection to their using Torbay to an increased extent, but without putting in any additional buildings or equipment. The men would be quartered at Fort Pepperrell. The purpose mentioned at that time was for increased transport and possibly fighter protection. Accordingly, I secured Cabinet approval to this development. Now the question is raised as to securing the use of existing buildings for a couple of hundred men who would operate ground control equipment to be installed by the U.S.A.F. We may anticipate that this will be followed soon by a request for permission to develop the airport to something very like Goose Bay. Presumably they would want to have a lease on similar terms so as to justify the construction of permanent buildings for operations and accommodation.

I would be glad if the Chiefs of Staff would consider again the long term implications of these developments and also in the light of the important political considerations involved in our leasing Canadian territory for Canadian defence by United States forces.

Also, as you and your officers will from time to time be discussing developments of this kind with your U.S. opposite numbers, it would be well to have a common attitude which would be put forward with Cabinet approval.

It seems to me that we should reconsider the request for these facilities at Torbay in the light of these larger questions. Would it not be desirable for us to say to the Americans — "If you want ground control at Torbay and we agree that it is desirable, we will put it in and operate it for you. As you will benefit even more from this and as we have not got the equipment at hand, you can put in the equipment and provide a considerable proportion of the personnel, who will be under the command of a Canadian. The cost of installation and operations will be shared between the two countries on an agreed basis, which will be related to their interest in or use of the installation. There will be no question whatever of a cession or lease of Canadian territory or buildings here or anywhere else."

In other words, we would make an arrangement here and in other similar cases similar to that worked out in connection with the radar stations.

In this connection it has come to my attention that apparently the United Kingdom has not granted any lease to the United States for the airfields used by the U.S.A.F. That is still under consideration.

If it is suggested that the U.S. cannot proceed with the construction of permanent or semi-permanent buildings because of some law or regulation, then it is for the U.S. to change the law or regulation.

It should be made clear also that any arrangements of this kind should be on a completely reciprocal basis. For example, I would think it quite proper for us to ask now for the right to use an area of several hundred square miles for training in the United States on terms similar to those in effect at Goose Bay or Churchill.

The Goose Bay lease should not be regarded as a pattern for future action because there we gave a lease in consideration of the United States waiving certain rights in the Newfoundland bases.

There should be no question from now on of leases for any considerable term. We should consider making short term renewable arrangements, always on a basis which recognizes the principle of reciprocal treatment.

We have got to face the fact that the Americanization of our military equipment is creating a permanent burden on the Canadian economy which the Americans are going to be very reluctant to offset by defence purchases in Canada. On the other hand, they really need defence facilities in Canada for joint defence. It seems to me that it would be both self-respecting and sensible to make an arrangement whereby we would ourselves provide and control these facilities while agreeing to make them freely available in return for the kind of consideration which would contribute materially to balancing the accounts, as in the case of the radar arrangement.

In view of the urgency of getting on with Torbay and the visit next week of the C.A.S. to the United States, it would be a good thing to have a session on this with me in the next few days, either Wednesday or Saturday, as I expect to be away at Kingston on Thursday and Toronto on Friday.

[BROOKE CLAXTON]

PCO

720.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], April 24, 1951

. . .

TORBAY AIRPORT; SPECIAL FACILITIES FOR USE BY THE UNITED STATES

10. *The Minister of National Defence*, referring to discussion at the meeting of April 17th, 1951, expressed concern about the implications of any decision to allow the United States to acquire a long term lease of facilities at Torbay. He had

instructed the Chief of the Air Staff to indicate to U.S. officials in discussions that the government had gone as far as it was likely to be able to go in granting leases. It might be desirable to have further consideration given to the matter to determine whether some basis could not be worked out by which facilities sought by the United States would be provided by the government of Canada and made available for the forces of both countries in peace or in war, with the United States putting up a substantial fraction of the cost. Something along the lines of the arrangement with regard to radar might be feasible.

11. *The Prime Minister* thought that possibly the arrangements for North Atlantic Treaty Organization infrastructure might be examined as a pattern.

12. *The Cabinet* noted the comments of the Minister of National Defence concerning the desirability of giving careful consideration to possible arrangements with the United States, in relation to special defence facilities which might be required in Canadian territory.

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721. DEA/50216-A-40

Le président du Comité des chefs d'état-major au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee, to Under-Secretary of State for External Affairs

SECRET [Ottawa], April 25, 1951

Dear Mr. Heeney:

With reference to your letter of April 24th regarding note No. 322 of April 23rd from the United States Ambassador concerning facilities at Torbay. This was discussed at a meeting held in Mr. Claxton's office this morning at which the following were present:

Minister of National Defence
Deputy Minister
Secretary to the Cabinet
Chairman, Chiefs of Staff
Chief of the Air Staff

The suggested course of action in your letter was generally accepted. In regard to your draft reply on page 4, it was agreed that representatives of the United States Air Force and the Royal Canadian Air Force would be authorized to hold exploratory discussions regarding the physical and technical requirements of the USAF at Torbay and the proposed cost of such installations, but that no discussions should take place regarding the lease or sharing of responsibility.

The Chief of the Air Staff was instructed to make these views known to the Chief of the United States Air Force, while in the United States, and to endeavour to ascertain from General Vandenberg the extent of any further requirements of the USAF in Canada.

The Minister of National Defence considered that your reply to the United States Ambassador was not strong enough.[40] He felt that we should definitely make it known now that we have no intention of arranging a lease. On further consideration it was suggested that the matter of whether or not we arrange a lease should not be discussed until a further investigation is made as to the basis on which this matter should be handled. It was also suggested that the question of a base for the use of the United States Strategical Air Force rightly falls within the tasks allotted in the Medium Term Plan of the Canada-United States Regional Group and could well be considered as part of the infrastructure required for NATO. As part of the infrastructure it would then not be necessary to provide for a lease because it is understood that no lease arrangements are being made for any part of the infrastructure in continental Europe.[41] It was felt that this may be the best approach to the Americans if it is desired to avoid a lease, but before a decision is made on the way this matter is to be handled, the question of the costs and manpower involved should be studied, as well as the part to be shared by Canada in any infrastructure arrangement.

In regard to the way in which this question should be handled I would suggest that, if it is decided to negotiate the arrangements for Torbay as a bilateral defence arrangement between Canada and the United States, then the Permanent Joint Board on Defence might be a suitable medium. On the other hand if an approach is to be made as part of the infrastructure to NATO then this should not be referred to the Board, but should be dealt with as a normal NATO matter.[42]

I would suggest that perhaps your Minister would wish to clear the proposed answer[43] to the American Ambassador with Mr. Claxton because of his desire to make it clear now that Canada was not contemplating any lease arrangements.[44] [45]

Yours sincerely,

CHARLES FOULKES

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[40] Note marginale :/Marginal note:
one change only now
agrees — replace "lease" by "arrangements etc" [A.D.P. Heeney]

[41] Note marginale :/Marginal note:
modified this arr[angement] by lease — mention NATO not nec[essary] infrastructure [A.D.P.Heeney]

[42] Note marginale :/Marginal note:
view [illegible] that PJBD should take up initially & in general terms. [A.D.P.Heeney]

[43] Note marginale :/Marginal note:
I don't think [it] necessary now to clear in advance — copy for information A.D.P.H[eeney]
Apr[il] 25

[44] Note marginale :/Marginal note:
(note for file — Mr Heeney told me [that] his marginal notes were based on discussion at Chiefs of Staff Committee April 26) M. W[ershof]

[45] Note marginale :/Marginal note:
Mr Wershof to draft brief for McNaughton — Foulkes to collaborate [A.D.P.Heeney]

722. B.C./Vol. 252

Note du ministre de la Défense nationale pour le premier ministre

Memorandum from Minister of National Defence to Prime Minister

TOP SECRET Ottawa, April 25, 1951

1. As I mentioned at the Cabinet yesterday, I am very much concerned about the long term implications of joint defence developments at Torbay and elsewhere. I had already sent a note on this to the Chiefs of Staff largely based on a memorandum which Jack [Pickersgill] did for me following a talk we had on this subject. It was arranged that I should meet General Foulkes, Air Marshal Curtis, Mr. Robertson and Mr. Drury this morning. By a coincidence Mr. Heeney had just received a note from the United States asking for a lease to Torbay, no doubt looking towards a major development along lines we had anticipated. As I have to be in Kingston tomorrow and this matter very probably will come before the Cabinet, I am taking the liberty of sending you this note of my views.

2. As a party to the North Atlantic Treaty Canada has agreed under Article 3 that "the Parties separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack". The twelve nations have also agreed that the United States Air Force will have the specific role of providing the main strategic bombing force. It is in the interest of Canada and of the preservation of peace by the prevention of aggression that the United States should have the facilities necessary to make the most effective use of its forces. The question that arises now is not a question as to whether steps should be taken. Once we agree that the steps as suggested are strategically desirable and within the capacity of the two countries to carry out, the one remaining question is as to how and by whom the facilities should be provided.

3. The ideal solution would be for each country to do everything considered necessary within its own territory. That, however, is not always possible. The resources of Canada in men, materials and money could not be stretched to cover all the joint activities which should be undertaken in Canada.

4. Moreover, since virtually all defence activities and expenditures in Canada assist the United States and since, on the basis of population or wealth, the United States has a greater capacity to contribute and a mathematically larger interest, it is suggested that we should be ready to accept contributions towards joint activities in Canada, particularly when those relate to the United States or are of direct and considerable benefit to the United States. Certainly, the proposed development of Torbay falls within this class.

5. That having been said, however, it is suggested that activities for our joint defence in Canada should as far as possible be under the immediate control of Canadians and that functions not directly related to the operations of U.S. forces should be performed by Canadians.

6. Applying these principles to the situation at Torbay, it is suggested that we should endeavour to work out an arrangement along the following lines:

(a) Canada would agree to the United States aircraft using the base on terms similar to those in effect at Goose Bay or elsewhere in Canada.

(b) This agreement would be renewable from year to year.

(c) The airfield would be in charge of a Canadian and the R.C.A.F. would supply personnel to man the control tower and administer and maintain the airfield.

(d) The United States would supply ground control and other similar equipment on loan. This equipment could be operated either by Americans or Canadians or both.

(e) Canada would supply free of charge any existing accommodation and the United States would pay for putting it into condition for use.

(f) The United States Air Force would maintain their own aircraft and the services directly related to their operation.

(g) Large scale capital expenditures on runways, hangars, accommodation would be shared by the two countries on an agreed basis.

(h) At the termination of the arrangement the United States could remove any removable equipment subject to our exercising a right of purchase at an agreed price.

7. These arrangements have a very close relationship to the arrangements being discussed for the infrastructure of NATO. It is possible that the principles worked out there might be applied in the case of joint defence activities of this character. In any event consideration should be given to the desirability of our spending money on matters like this in Canada rather than in Western Germany. We should certainly keep to a minimum the instances where the United States is defending North America on Canadian soil while we are using our resources to build up the defences of Western Europe.

8. Whatever arrangement is arrived at should be on a reciprocal basis. Consideration should be given to our asking the United States now for extensive training facilities in the United States.

9. From the financial point of view, the adoption of American equipment will unquestionably place a considerable burden on the Canadian economy which is entirely unlikely to be offset by purchases of Canadian equipment by the United States. Joint defence arrangements should be worked out which will help to put us in a better position to carry out our undertakings.

10. Finally, there is the form of the reply to the note. It seems to me that great care should be taken not to give the impression that opening negotiations will lead to a lease. While it might not be advisable to indicate now that a lease would be out of the question, a suggestion of this might be made by referring throughout to "arrangements for the development of Torbay" and other similar expressions.

11. It is difficult to deal with this in a way which will indicate our willingness to proceed to discuss arrangements for joint defence without either on the one hand expressly saying at the outset that we would not consider a lease, or on the other

hand giving the impression that the mere fact of entering into discussions implies that we would be willing to make a lease.

12. Further, at this stage any engineering survey should be done jointly by the air forces of both countries.

13. In view of the scale of expenditures likely to be involved, a survey should be made to see if it would not be advisable to build another airport at a place where the weather is likely to be better.

14. In an effort to meet these points I have tried to redraft parts of the draft reply prepared by Mr. Heeney and enclose a copy of my draft.

[BROOKE CLAXTON]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une réponse pour le Gouvernement des États-Unis

Draft Reply to United States Government

TOP 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 latter's Note No. 322 of April regarding Torbay Airport.

The Canadian Government has no objection to preliminary engineering surveys being carried on at the moment, but it would appear to it that at this stage such a survey should be carried out by a joint team of U.S.A.F. and R.C.A.F. personnel. If this is acceptable, arrangements might be made directly between the U.S.A.F. and R.C.A.F.

There would be no objection to the U.S.A.F. carrying on exploratory discussions with the R.C.A.F. regarding the physical and technical requirements of the U.S.A.F. at Torbay.

However, it is desired that any discussions, even of an exploratory character, regarding arrangements for the joint use of Torbay should be conducted with the Canadian Government through diplomatic channels and not between the two Air Forces. In preparation for any such discussions, it would be helpful if the Ambassador could provide as much information as possible (other than technical information which will be given through U.S.A.F.-R.C.A.F. channels) regarding the tentative plans of the U.S.A.F. for construction and development of Torbay. Information is also desired regarding the nature of the use which the U.S.A.F. would like to make of Torbay. Thirdly, it would be useful to have an explanation of the place of Torbay in the strategic plans of the U.S.A.F. in the Newfoundland area.

Your enquiry brings up difficult and important questions. It has always been the view of this government that it should be unnecessary to cede or lease any part of American or Canadian territory for purposes of joint defence as the best basis for our common effort was our mutual interest. The one exception to this was in the case of Goose Bay. This was in consideration of the modifications that were being made in the Newfoundland base leases. In the view of the Canadian government, if we consider a project for joint defence militarily desirable and possible, it should

be proceeded with in accordance with arrangements which are mutually agreeable and which are in accord with the principles of the declaration of February 12, 1947.[46]

As the Permanent Joint Board on Defence is meeting on May 7, it is suggested that it would be desirable to ask the Board to consider, at least in a preliminary way, the plans of the United States Government relating to Torbay. Such consideration, even if it did not lead to a specific recommendation by the Board, would no doubt clarify the questions involved.

723. DEA/50216-A-40

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET [Ottawa], April 26, 1951

VI. U.S. FACILITIES — TORBAY

21. *The Chairman* stated that a meeting had been held on 25 April with the Minister of National Defence, the Secretary to the Cabinet, the Chief of the Air Staff and the Deputy Minister to discuss the question of U.S. facilities at Torbay. The view of the meeting had been that there should be no discussion with the U.S. concerning a lease for this base until a further investigation had been made as to the basis on which this matter should be handled. There was, however, no objection to the RCAF and the USAF holding exploratory discussion regarding the physical and technical requirements of the USAF at Torbay and the proposed costs of such installations. The Chief of the Air Staff had been directed at this meeting to make these views known to the Chief of the U.S. Air Force during his forthcoming meetings in Washington and to endeavour to ascertain the extent of any further requirements of the USAF in Canada.

It was suggested that negotiations with the U.S. might be facilitated if their requirements could be classed as part of the infrastructure required for NATO which would then make it unnecessary to provide a lease. If Canada were to contribute to infrastructure it would be preferable to do so in North America rather than in Europe and in this way explain that the USAF request formed part of the larger NATO requirements.

22. *The Under-Secretary of State for External Affairs* pointed out that if installations in North America were to be included as infrastructure it would be impossible to ascertain where this might end, in that the U.S. might then include all their CUSRPG and SAC installations. The resulting costs would be greater than envisaged at present.

[46] Voir/See Volume 13, Document 868.

As the Permanent Joint Board on Defence had already dealt with the negotiation of the U.S. lease at Goose Bay and other joint undertakings and were meeting again in the near future it might be desirable to have the Board discuss the U.S. requirements at Torbay in general terms. This would not preclude the question being discussed at a later date as part of NATO.

23. *The Chief of the General Staff* pointed out that any suggestion by Canada to include bases such as this as a part of infrastructure might possibly lead to an unlimited liability as it was the first suggestion that infrastructure went beyond the boundaries of Europe. It was, therefore, considered undesirable to focus attention on infrastructure and thereby sow the seed of an idea which might result in expenditure by Canada out of all proportion to that now contemplated.

24. *The Committee*, after further discussion, agreed:

(a) that there was no objection to negotiations being conducted between the RCAF and USAF concerning the technical side of any future development of Torbay but that the question of a lease or the possession of a base was a political question which could only be explored through diplomatic channels;

(b) The Chief of the Air Staff would indicate in his talks with the Chief of the U.S. Air Force the substance of (a) above; and

(c) The Under-Secretary of State for External Affairs would prepare a brief for the Chairman of the Canadian Section of the Permanent Joint Board on Defence concerning the Canadian views on the USAF request for facilities at Torbay which could be discussed in general terms at the forthcoming meeting of the Permanent Joint Board on Defence.

724.

DEA/50209-40

Note de la 1ère Direction de liaison avec la Défense

Memorandum by Defence Liaison (1) Division

SECRET

Ottawa, April 27, 1951

For Mr. Wershof:

STATUS OF U.S. DEFENCE INSTALLATIONS IN CANADA

I understand that we have now reached the point where any further requests by the United States for leases of defence installations on Canadian soil will be resisted.

2. One way in which Canada can avoid giving leases or any form of fixed right or tenure is by offering to finance at least a proportion of the cost of whatever installations on Canadian soil are necessary to the United States (for joint defence or for NATO).[47] It may well be that we shall adopt this policy in a limited form. Torbay is a case in point. The United States has indicated its desire for a lease. We recognize

[47] Voir le document 436./See Document 436.

the need to develop the airfield, and might pay for whatever improvements are considered necessary by the United States in order to fulfil its strategic bombing commitments under NATO. The money we spend on the development of the field would be taken into account in NATO burden sharing exercises.

3. Although this solution to the tenure problem is in the long run much preferable to the granting of leases, some difficulties may arise. It might eventually involve us in extremely heavy expenditures which would place an undue burden on Canada as a NATO member. However logical this form of contribution to NATO, there is perhaps a danger that the policy will be misinterpreted in Europe as an attempt to build up North American defences to the detriment of the defence of Europe if the burden of paying for bases in Canada forced us to reduce our contribution to European defences. No matter how we try to counteract that argument, undoubtedly the left-wing press in Europe would try to use it to undermine faith in Europe's North American allies. It might increase the pressure on Canada to send more than a token ground force contribution to the Integrated Force.

4. I suggest that there is something to be said for consideration of yet another arrangement, i.e., rental without lease. In the case of Torbay, we would obtain a statement of total U.S. requirements. Let us say that, after we have reviewed them, we agreed that facilities costing $20 million were fully justified. Canada would then make the entire expenditure. On the assumption that the facilities were of no particular value to Canada economically and were not necessary for the defence of Canada individually but only as a member of NATO, we would then charge the United States annually a sum for its use of the facilities. The annual rental would be based on an amortization period which would be fixed in accordance with the nature of the facilities; it might vary from ten to twenty years (i.e., the period of the North Atlantic Treaty). The United States would have no guarantee of tenure and Canada would have no guarantee that the United States would occupy the installation until the capital costs had been amortized. The financial success of the arrangement would depend upon the ability of the planners to forecast future requirements. Canadian losses could be charged to the protection of sovereignty, and in any event those losses could not be as burdensome as the payment by Canada for all installations without compensation, assuming Canada were to pay for the whole cost of the installations, or a large proportion of it.

5. The rental paid by the United States could be used either to build Canadian armed strength or to finance help to European members of NATO through mutual aid or the stationing of Canadian forces in Europe. The initial costs to Canada would tend to be heavy and, presumably, would eventually taper off. They would thus tend to counterbalance what we must assume will be steadily mounting annual charges for other forms of defence.

6. Rental arrangements without a lease might have considerable political advantages in Canada. Not only would it forestall charges of giving undue rights to the United States in Canada, but it would answer any allegation from Canadian sources that we are paying for U.S. activities in Canada not needed by Canada.

7. Finally, the undertaking by Canada of substantial installations for U.S. use, since it would initially result in inflated defence budgets, should end for all time

charges of Canadian feet dragging. It is possible that a new charge of profiteering might arise, but not if the "rent" were turned over to national or NATO defence purposes.[48]

R.A.J. P[HILLIPS]

725. DEA/703-AG-40

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

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

SECRET [Ottawa], May 1, 1951

PROPOSED U.S. SURVEYS IN NEWFOUNDLAND

I am attaching a copy of Note No. 324 of April 30,† received today, in which the U.S. Embassy asks the permission of the Canadian Government for the USAF to conduct surveys on the Island of Newfoundland for the purpose of finding potential air base sites. This request appears to be a clear indication that the U.S. authorities do not consider that the Leased Bases, together with Goose Bay and Torbay, will be able to satisfy U.S. requirements in the Newfoundland area. On completion of these surveys, it is reasonable to expect one or more requests for permission to establish new bases in Newfoundland.

Since this new request does not appear to affect our reply to the U.S. Note on the Torbay lease, we are asking the Department of National Defence for its views on this new Note through the usual channels. If you agree, it might be well to brief General McNaughton on the latest U.S. request, for it should provide useful material when he is asking the U.S. Section, P.J.B.D. for a frank statement of the total foreseeable requirements of the USAF in Eastern Canada.[49]

A.D.P. H[EENEY]

[48] Note marginale :/Marginal note:
Mr Ritchie Mr Wershof this is interesting but has some difficult features. On the whole (& at first thought) I would prefer a % sharing by Canada on agreed expenditures & no US tenure of right A.D.P.H[eeney] Ap[ril] 28.

[49] Note marginale :/Marginal note:
Yes L.B.P[earson].

726. DEA/50216-A-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

TOP SECRET [Ottawa], May 2, 1951

TORBAY AIRFIELD

Mr. Bliss, the United States Minister, called on me at my request this afternoon. I handed to him our reply to the United States Note of April 23 regarding the lease of Torbay airfield.[50] Mr. Bliss observed that the Note raised two "$64 questions". First the use which the United States Air Force wished to make of Torbay and, second, scope of their overall plans and requirements in Newfoundland. He said that he would like to sketch to me the background of the U.S. Note on Torbay airfield and their further Note asking to make aerial reconnaissances over Newfoundland.

2. Mr. Bliss said that when General Whitton was in Ottawa on March 22nd last, he had had conversations with A/V/M James on this subject, at which it would be recalled Mr. MacKay and he himself had been present. General Whitton had then raised the question of further U.S. requirements at Torbay. A/V/M James had pointed out that the Minister of National Defence would "hit the ceiling" if the use of Torbay for certain purposes was put up to him. After the conversations, Mr. Bliss had said to General Whitton that he thought it was obvious that the Canadian Government could not accept the use of Torbay for these purposes. It was so near St. John's, that any proposal which was more likely to make the city a target for enemy attack would probably be refused by the Canadian Government. He had therefore suggested to General Whitton that he should make every effort to find a site or sites more remote from the capital for these purposes. Meanwhile, however, the U.S. Air Force would have great need of Torbay for other purposes. The U.S. Air Force had, Mr. Bliss thought, agreed with this approach to the problem. Speaking personally, therefore, he thought he could say that it was not proposed to use Torbay in connection with the storage or delivery of atomic bombs. The request for aerial reconnaissance flights was, Mr. Bliss understood, with the object of selecting a site or possibly two sites in remoter parts of the island for such purposes.

3. So far as overall U.S. service plans and requirements in Newfoundland were concerned, Mr. Bliss thought that A/V/M James now knew as much about this subject as anyone. General Whitton had explained that it was impossible to give a complete blueprint of future requirements. They could not guarantee at any given stage that these requirements might not be expanded. Mr. Bliss understood that A/V/M James had explained this position to the Defence Committee of the Cabinet, who had been satisfied that it was impossible at this stage to give a complete and final picture of U.S. plans and requirements.

[50] Voir le document suivant./See following document.

4. I said that I knew there were those interchanges between the U.S. Air Force and the R.C.A.F. and this was excellent as far as it went. On the other hand, the Canadian Government had received and continued to receive a series of requests piecemeal for the extension of facilities and installations in Newfoundland and elsewhere. We understood that it might not be possible to produce a tidy blueprint of future plans and requirements and that the U.S. Air Force might not be able to give us at this stage positive guarantees of the limits of their requirements. On the other hand, I suggested that it must surely be possible to indicate the general objectives of planning in the area and the inter-relationship of the different U.S. requests so that the Canadian Government could have a coherent concept for their consideration.

5. I then mentioned, in connection with the last paragraph in our Note, that we hoped that the U.S. would put Torbay on the agenda for the forthcoming meeting of the PJBD on May 7. I said that we hoped that the U.S. would agree that the PJBD was the most appropriate place in which to discuss the kind of questions which he and I had just been talking over. Mr. Bliss raised the objection that to describe the uses to which the U.S. Air Force might wish to put Torbay or alternative sites in Newfoundland might involve discussing questions connected with the storage and delivery of the atomic bomb. This would be undesirable, as information on this subject was, of course, severely limited and it was his understanding that no one but the Under-Secretary in this Department was informed on this subject. PJBD was clearly not the place to discuss such questions. I said that this was not at all the sort of discussion which the Canadian Government had in mind. He had, I said, pointed out the close relations between the U.S. Air Force and the R.C.A.F. but the request for a lease at Goose Bay, the probability that other sites in Newfoundland would be required for other purposes, the whole developing process of U.S. requirements and their relation to overall planning raised political issues of pretty far-reaching importance. These broader questions could most properly be discussed in the PJBD which had such a fine record in working out satisfactory compromise arrangements between us in the past.

6. Mr. Bliss said that in view of my remarks he was disposed to believe that the PJBD would be the appropriate place to discuss Torbay and that he would recommend to his Government that they should put it on the agenda. He hoped to be able to let me have their reply by tomorrow evening.

7. Mr. Bliss did not ask me directly whether the Canadian Government were favourably disposed to granting a lease for Torbay. He did say, however, that he thought that the question of the lease should be approached from the point of view of our joint responsibilities under the North Atlantic Treaty and that such a lease should therefore have the same duration as the North Atlantic Treaty, i.e. twenty years. On the other hand, Congress might find it pretty hard to swallow a proposition by which very large sums were expended by the U.S. for a lease of such short duration. I replied that the whole question of leases in such cases involved important principles for the Canadian Government and should therefore be discussed in the PJBD. Mr. Bliss replied that what was involved was whether or not we were to go on together in the defence of the North American Continent. To this observation, I replied that there could surely be no question in anyone's mind, least of all

in that of the Canadian Government, as to our complete agreement on the basic principles of our cooperation in the defence of the North American Continent.

C.S.A. R[ITCHIE]

P.S. Later in the afternoon, Mr. Bliss telephoned me to say that he was informed from Washington that agreement had been reached between A/V/M James and General Walsh that Torbay should be placed on the agenda at the forthcoming meeting of the PJBD. He therefore regarded this question as settled satisfactorily and asked whether we required a formal note in confirmation. I said that I did not think that this would be necessary in view of his assurances.

727. DEA/50216-A-40

Extrait d'une note pour le chef de la Section canadienne, CPCAD

Extract from Memorandum to Chairman, Canadian Section, PJBD

SECRET [Ottawa], May 2, 1951

U.S. PLANS AT TORBAY

Note No. 322 of April 23, 1951 from the U.S. Embassy, Ottawa, reads as follows:[51]

. . .

2. The reply, Note No. D-118 of May 1, reads as follows:

"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 latter's Note No. 322 of April 23 regarding Torbay Airport.

"The Canadian Government has no objection to preliminary engineering surveys being carried on at the moment, but it would appear to it that at this stage such a survey should be carried out by a joint team of U.S.A.F. and R.C.A.F. personnel. If this is acceptable, arrangements might be made directly between the U.S.A.F. and R.C.A.F.

"There would be no objection to the U.S.A.F. carrying on exploratory discussions with the R.C.A.F. regarding the physical and technical requirements of the U.S.A.F. at Torbay.

"However, it is desired that any discussions, even of an exploratory character, regarding the arrangements desired by the United States Government at Torbay should be conducted with the Canadian Government through diplomatic channels and not between the two Air Forces. In preparation for any such discussions, it would be helpful if the Ambassador could provide as much information as possible (other than technical information which will be given through U.S.A.F.-R.C.A.F. channels) regarding the tentative plans of the U.S.A.F. for construction and development of Torbay. Information is also desired regarding the nature of the use which the U.S.A.F. would like to make of Torbay. Thirdly, it would be useful to have an

[51] Voir le document 718./See Document 718.

explanation of the place of Torbay in the strategic plans of the U.S.A.F. in the Newfoundland area.

"As the Permanent Joint Board on Defence is meeting on May 7, it is suggested that it would be desirable to ask the Board to consider, at least in a preliminary way, the plans of the United States Government relating to Torbay. Such consideration, even if it did not lead to a specific Recommendation by the Board, would no doubt clarify the questions involved."

Previous History

3. Before discussing this U.S. request, it may be helpful to summarize the previous history of U.S. activities at Torbay:

(a) As from November 1, 1946, the USAF had a lease of a hangar from the Department of Transport, subject to cancellation on thirty days notice.

(b) In May, 1948, the USAF was given permission to install G.C.A., but this was not installed at that time.

(c) In October, 1948, it was decided to give the USAF a lease until 1968 (with a 30 day cancellation clause) of another hangar and other buildings.

(d) In March, 1951, the U.S. asked for permission to install G.C.A. and extensive radio equipment. At the same time they asked for a lease of several buildings for NCO quarters and mess, and for stores, required because of "accelerated aircraft maintenance activities." This request involved the stationing of 260 U.S. military personnel at the airport on a full time basis. Both requests were granted on April 19, after consideration by Cabinet; the additional buildings are to be added to the existing lease which expires in 1968 (but which has a 30 day cancellation clause).

(e) On April 4 CJS, Washington, sent to Ottawa a revised draft Appendix "G" to the CUSRPG Short Term Plan. This draft, which listed Torbay among the bases that would be required in Canada for the U.S. strategic air offensive, was the first official indication of U.S. plans for Torbay.

General Observations

4. Canada is obligated under NATO arrangements to give the U.S. such base facilities as may be necessary to enable the U.S. to carry out the task, assigned to it by NATO, of conducting the strategic air offensive against the U.S.S.R. By listing Torbay in the revised draft appendix referred to, the U.S. has indicated that a base at Torbay is necessary for this air offensive. However, to date the U.S. Government has not explained to the Canadian Government why a bomber base at Torbay is essential or how it would fit into the overall strategic air plan.

5. Assuming that a bomber base at Torbay is shown to be necessary for the strategic air offensive, the next and main question is what the U.S. has a right to expect from Canada. Judging from the Note of April 23, the U.S. Government assumed that they should expect a long-term lease. This is not regarded as appropriate by the Canadian Government. During World War II, we did not give the U.S. long leases on airfields but merely occupancy "for the duration". In the United Kingdom, we have learned, the U.S. has not received leases of airfields used by the USAF, or even assured rights of occupancy. It is true that we have agreed to give a lease at

Goose Bay but that was not intended as a precedent; in any case, that lease was part of a wider settlement involving amendment of the Leased Bases Agreement.

6. The basic principles of peacetime defence co-operation between the United States and Canada were laid down in the joint statement of February 12, 1947, and they should always be kept in mind. Principles (4), in part, and (5) are:

"(4) Mutual and reciprocal availability of military, naval and air facilities in each country; this principle to be applied as may be agreed in specified instances ..."

"(5) As an underlying principle all co-operative arrangements will be without impairment of the control of either country over all activities in its territory."

We take seriously Principle No. (5) and see no reason why the real needs of the U.S. at Torbay cannot be met without departing from that principle.

7. The United States authorities should try to understand that a sovereign country cannot be expected to like the idea of granting long-term leases of military installations even to the friendliest of allies.

8. There is no NATO requirement, nor any rule of logic, to the effect that the United States should receive a lease of an airport just because the use and development of that airport by the United States are necessary in the allied cause. It is perfectly feasible for Canada to allow the USAF to make full use of Torbay without any question of lease or of guaranteed legal rights of occupancy.

9. It is conceivable that the proposed diplomatic discussions between the two governments regarding Torbay may result in an agreement by the Canadian Government to bear the cost of part of the construction found to be necessary (e.g., the cost of lengthening the runways). Other types of financial arrangement are possible. However, the Canadian Section of the PJBD is not authorized to enter into any financial discussions, even of an exploratory character, and in particular is not authorized to suggest that Canada may share in the financial burden of developing Torbay.

10. The preceding paragraphs are for the background information of the Canadian Section. Following is an outline of points which might be made when speaking to the Board as a whole.

11. *Points to be Made when Speaking to the PJBD*

(1) Canada is not merely willing but anxious to co-operate with the United States in projects required in Canada for our joint defence or for NATO.

(2) As stated in our Note No. D-118, full information is desired regarding the construction plans of the USAF at Torbay, the use proposed to be made of Torbay, and its place in the wider plans of the USAF in the Newfoundland area. As much of this information as is now available should be given to the Board in order that the Board may discuss it.

(3) In the opinion of the Canadian authorities it would be helpful to both governments if the U.S. Section would as soon as possible give a broad outline of all U.S. requirements and plans involving construction or development in Canada. It is not necessary to wait until a final decision has been made by the U.S. Government before telling the Canadian authorities of a proposal. The PJBD can serve a very

useful function by discussing the U.S. projects in Canada at a relatively early stage of their planning.

(4) The Canadian Government's view is that it should not grant any further long term leases for defence purposes in Canada, and that this particular method of enabling the U.S. to use airports or other defence installations should not be used in future. If there were no other way of meeting essential joint defence needs, this objection might have to give way. However, in the view of the Canadian Government, that is not the case. There will be no difficulty, without affecting Canadian sovereignty over any of its soil, in permitting the United States to use and develop a Canadian installation such as Torbay if that use and development is found to be necessary to our joint defence or for NATO. (The objection to the lease method does not necessarily apply to mere leases of buildings, terminable on notice, such as the recently approved lease of buildings at Torbay. There is little resemblance between that kind of lease, which is more in the nature of an ordinary real estate transaction, and the kind of lease which the Canadian Government has agreed to give at Goose Bay.)

(5) One of the principles of defence co-operation set forth in the joint statement of February 12, 1947, is that "all co-operative arrangements will be without impairment of the control of either country over all activities in its territory." The Canadian Government wishes this principle to be regarded as basic in any discussion of U.S. defence needs in Canada.

(6) It will be appreciated that the NATO Deputies in London are now considering various defence projects in Europe to which Canada will be expected to contribute. Obviously Canadian co-operation in joint U.S.-Canadian enterprises for NATO purposes on this continent will have to be considered in relation to our overall contribution to such NATO defence projects.

(Note for Canadian Section: This memorandum has been approved by the Prime Minister, the Minister of National Defence and the Secretary of State for External Affairs.)

728. DEA/50209-40

Note de la 1ère Direction de liaison avec la Défense pour la Section canadienne, CPCAD

Memorandum from Defence Liaison (1) Division to Canadian Section, PJBD

TOP SECRET Ottawa, May 4, 1951

U.S. DEFENCE INSTALLATIONS IN CANADA

At a meeting held in Mr. Pearson's office on May 3, Mr. Claxton referred to seven points which he thought should govern Canadian policy with respect to U.S. air installations in Canada. Although these are in a slightly different form, I under-

stand that the points listed below are the main considerations which Mr. Claxton had in mind:

(a) Canada would agree to the United States aircraft using the base on terms similar to those in effect at Goose Bay or elsewhere in Canada.

(b) This agreement would be renewable from year to year.

(c) The airfield would be in charge of a Canadian and the R.C.A.F. would supply personnel to man the control tower and administer and maintain the airfield.

(d) The United States would supply ground control and other similar equipment on loan. This equipment could be operated either by Americans or Canadians or both.

(e) Canada would supply free of charge any existing accommodation and the United States would pay for putting it into condition for use.

(f) The United States Air Force would maintain their own aircraft and the services directly related to their operation.

(g) Large scale capital expenditures on runways, hangars, accommodation would be shared by the two countries on an agreed basis.

(h) At the termination of the arrangement the United States could remove any removable equipment subject to our exercising a right of purchase at an agreed price.

R.A.J. P[HILLIPS]

729. DEA/50209-40

Note de la 1ère Direction de liaison avec la Défense

Memorandum by Defence Liaison (1) Division

SECRET Ottawa, May 7, 1951

For Mr. Wershof:

NEW U.S. DEFENCE INSTALLATIONS IN CANADA

As the Government has virtually decided not to grant further leases to the U.S. for defence installations in Canadian territory, some alternative basis for negotiations with the Americans will have to be worked out. Assuming that the Canadian Government is going, in some way or other, to grant the U.S. the *use* of whatever facilities they need for Continental or NATO defence, there appear to be three possible approaches to the problem:

(a) some form of rental scheme amortizing capital charges paid by Canada,

(b) a proportionate sharing of the capital charges as agreed between Canada and the U.S.,

(c) a proportionate sharing of capital charges by all NATO members through an application of the infrastructure formula.

The possibilities of (a) above have already been discussed in Mr. Phillips' memorandum to you of April 27. Perhaps the chief difficulty with this approach is that it

would place on the Canadian economy a heavy burden of capital charges during what is at present assumed to be the peak years of defence expenditure — barring, of course, a war.

As regards (b), the advantage to Canada would obviously depend on what share we would have to pay and how a final settlement would be reached after the emergency is over.

The possibilities of (c) would, I think be of value chiefly in persuading the Americans to accept a high proportion of the capital charges, as proposed under (b) above. The U.S. Strategic Air Command plans will never be tabled in NATO and the USSAC will probably not be willing to discuss even the location of their airfields if they can possibly help it. The U.S. Government will therefore refuse to consider S.A.C. airfields under the infrastructure programme. The suggestion that the USSAC bases in Canada could be regarded as infrastructure would also, of course, be resisted by our European partners. In addition, it might be argued with some justice that USSAC, although filling the NATO responsibility entrusted to the U.S., has other reasons for its existence. The U.S. would have to have a Strategic Air Command even if there were no NATO, and in fact the USSAC might be used, if the President of the United States so decides, in circumstances having nothing to do with the North Atlantic Treaty — e.g. Korea.

Using the analogy of infrastructure with the Americans might, however, be a way of justifying Canada paying the modest proportion of costs that Canada will probably be paying for infrastructure charges in Europe, i.e. about 8%, on the basis of present negotiations. By allowing some offset for the residual value of the airfields in Newfoundland to the Canadian economy after the emergency, Canada might pay 10% or 15%. This might be a starting point in negotiations with the Americans undertaken with the object of reaching an agreed sharing of costs while giving the U.S. no further tenure in Canada as of right. But we should be careful to avoid, if possible, having our infrastructure argument backfire by being applied retroactively to installations in Canada which the Americans have already paid for *in toto*. For this reason alone, I think it would be unwise to bring up infrastructure as a formal proposal applicable to Torbay, although it might be useful to use it, as I have suggested, as an analogy for justifying a low proportion of the capital charges being paid for by Canada, even though we are not going to give the Americans a lease.

J. G[EORGE]

730. DEA/703-AG-40

Extrait du procès-verbal de la CPCAD
Extract from Journal of PJBD

TOP SECRET May 7-11, 1951

Meetings of the Board held at Fort Frontenac, Kingston, Ont., on May 7-10, 1951 and Chalk River, Ont., May 10-11, 1951.

. . .

4. (TOP SECRET) *Plans for Torbay and Other Defence Installations in Newfoundland.* The Canadian Chairman referred to recent requests from the U.S. Government (Note No. 322 of April 23† and Note No. 324 of April 30† from the U.S. Embassy in Ottawa) which indicated the desire of the U.S. authorities to acquire extensive new facilities in Newfoundland. He pointed out that Canada is not merely willing but most anxious to co-operate with the U.S. in projects required in Canada for the joint defence of North America or as a result of our commitments under the North Atlantic Treaty Organization. He said that the Canadian Government would view most sympathetically any request which the U.S. might submit to further these two ends. The Canadian Government did not, however, believe that it was necessary for the U.S. to acquire any further leases in Canada for defence purposes. There would be no difficulty from the point of view of Canadian sovereignty, in permitting the U.S. to use and develop a Canadian installation if that use and development were found to be necessary to our joint defence or for NATO.

The Canadian Chairman emphasized that before formal consideration could be given to U.S. requirements for further facilities the Canadian Government wished to obtain a clearer picture of the plans of the U.S. services in Canada. He said that although the Canadian authorities appreciated the desire of the U.S. Government to avoid discussing plans which were highly tentative and might be changed from time to time, it was very difficult for the Canadian Government to consider piecemeal requests without a general knowledge of U.S. plans for facilities in Canada. He thought it desirable that Canada should be kept informed at an early stage of all plans of the U.S. armed forces involving requirements in Canada.

The U.S. Air Member discussed the tentative plans for his service for the development of Torbay as an additional site which might be made available for the use of the various commands of the USAF.

The U.S. Air Member pointed out that in addition to the survey of Torbay which had been requested by the USAF, his office had also requested the Canadian Government's concurrence in the carrying out of surveys of the Island of Newfoundland with a view to locating additional sites which might be suitable for airports. His thought was that other sites might be found that would be more acceptable to the Canadian Government and equally desirable for the purposes of the USAF. After some discussion, the Canadian Section agreed that the particular survey of Torbay and also the general surveys of the Island of Newfoundland should proceed

forthwith as matters of high priority. It was also agreed that the Canadian Section would refer the entire question back to their Government for further consideration.

After considerable discussion in the Board of the various factors involved, the Canadian Chairman agreed that he would take back to Ottawa the information received from the USAF. This information would be placed before the appropriate Canadian authorities for consideration as a matter of urgency.

731. DEA/50216-A-40

Note du chef de la Direction économique pour le chef de la 1re Direction de liaison avec la Défense

Memorandum from Head, Economic Division, to Head, Defence Liaison (1) Division

SECRET [Ottawa], May 17, 1951

NATO INFRASTRUCTURE AND THE UNITED STATES REQUEST FOR LEASE OF TORBAY AIRPORT

In his letter to the Under-Secretary of April 25, General Foulkes states "It was also suggested that the question of a base ... could well be considered as part of the infrastructure required for NATO. As part of the infrastructure it would then not be necessary to provide for a lease because it is understood that no lease arrangements are being made for any part of the infrastructure in continental Europe."

2. It should not be overlooked that Mr. Wilgress on our express instructions (emanating from the Department of Finance) has pressed in the Deputies for adoption of a rental scheme, originally for SHAPE capital costs and latterly for European infrastructure. The special committee set up by the Deputies to investigate the technical aspects of the different proposals for sharing costs of infrastructure includes in its terms of reference:

"To report upon the feasibility and the practical aspects of ... (1) The suggestion of the Canadian Deputy that the capital cost of certain infrastructure should be met by the host government which would then lease (sic) the installations to the user government or to NATO as a whole."

3. It is possible that the rental scheme advanced by Wilgress in the Deputies might be used by the United States in pressing for a lease arrangement at Torbay. I am aware, of course, that there may be a world of difference between leasing and renting but the wording of the terms of reference above does seem a little embarrassing to me. I therefore put this to you as something which ought to be considered in preparing our resistance to the pressure which seems inevitable. I am sending you two extra copies of this memo in case you want to pass them on to the Under-Secretary and Mr. Ritchie.

A.F.W. P[LUMPTRE]

732. DEA/50209-40

Note de la Direction économique
pour le chef de la 1ère Direction de liaison avec la Défense

Memorandum from Economic Division
to Head, Defence Liaison (1) Division

SECRET [Ottawa], May 18, 1951

NEW U.S. DEFENCE INSTALLATIONS IN CANADA

I refer to Mr. George's memo to Mr. Wershof dated May 7 on this subject.

2. There are one or two minor points in Mr. George's memorandum to which I might, in the light of events which have occurred since the memorandum was written, apply correction.

3. In para 1(c) Mr. George states that as one of three possible approaches to the general problem raised, "a proportionate sharing of the capital charges by all NATO members through an application of infrastructure formula" might be adopted. It ought to be kept in mind that no formula has yet been adopted nor do we see one emerging not only until all the technicalities are examined very carefully by the Working Committee set up by the Deputies but until their findings have subsequently been examined by the governments of member states.

4. In his last paragraph Mr. George refers to the "modest appropriation of costs that Canada will probably be paying for infrastructure charges in Europe, i.e., about 8% on the basis of present negotiations." The figure of 8% has never been mentioned as the possible basis for Canada's contribution under infrastructure. In any formula adopted for the final settlement, or even for an interim settlement, of infrastructure, Cabinet Defence Committee has specifically restricted our participation to a basis of capacity to pay (national income). Our percentage, even assuming that this formula is adopted, which is by no means certain, would involve us at most in 3.72%.

5. As I have already stated verbally, I share Mr. George's doubts as to the advisability of financially linking the Torbay extension with European infrastructure. But I even question its usefulness as an analogy for justifying a low Canadian participation in the sharing of costs at Torbay. In my opinion, the less we pay at Torbay, the weaker our position will be in resisting pressure for a lease. On the other hand, the more we pay at Torbay, the stronger will be our position on the lease question and the more credit we will get in the final outcome of the burden-sharing operation. This may be over-simplifying, but I think it makes some sense.

A.G.S. G[RIFFIN]

733. DEA/50209-40

Le ministre de la Défense nationale
au président de la Section canadienne, CPCAD

Minister of National Defence
to Chairman, Canadian Section, PJBD

PERSONAL AND CONFIDENTIAL Ottawa, May 21, 1951

Dear Andy [McNaughton],

Obviously we must anticipate the development of further arrangements with regard to joint defence with the United States. In any discussions it seems to me that all our representatives should always make it plain that any arrangements must be in accordance with certain general principles. If all the Americans concerned come to understand this, it should simplify negotiations and prevent misunderstanding.

The principles, I suggest, should be along the lines of the following:

(1) Canada should be prepared to enter into any project we consider to be in the interest of joint defence.

(2) Once a project is considered by us to be desirable, the only question remaining is the terms on which it is to be carried out.

(3) All projects in Canada should be carried out by us as Canadian projects.

(4) If the project is of advantage to the United States we should be willing to accept assistance in money, materials, men and the loan of equipment without charge.

(5) The extent of United States participation should depend on the extent of United States interest. If the matter is exclusively of advantage to the United States we should be prepared to have the United States cover the whole cost. Ordinarily, however, we would have an interest and the extent of participation should be roughly determined, as was done in the case of the radar stations, with the United States paying, say two-thirds, or some other round sum figure. Ordinarily, the division should be on a round figure share basis like one-third, one-quarter, etc.

(6) In no circumstances will there be a long term lease. Usually the arrangements should be automatically renewed from year to year, but terminable at any time upon notice.

(7) In the event of termination the United States could remove any detachable equipment we did not want to pay for. Permanent installations would be left where they are without further payment.

(8) In no circumstances would an establishment in Canada be under the overriding command of a United States officer.[52]

(9) All arrangements must be on a reciprocal basis.

[52] Note marginale :/Marginal note:
Impossible [R.A. MacKay]

It might be desirable for us to ask the United States for an arrangement under which we would have the use of a large area, say one hundred square miles, in a suitable part of the United States, for training purposes.

In this general connection it is interesting to note that so far the United Kingdom has not granted leases to the United States, but has paid half the capital cost and one half the cost of maintenance up to United Kingdom standards. This appears in a telegram from our High Commissioner at London, dated April 18, 1951, No. 933.†

Applying these principles to the case at Torbay, it seems to me that we should be prepared to consider an arrangement along the following lines:

(1) The R.C.A.F. and U.S.A.F. could make a joint survey of Torbay and other possible sites. With the R.C.A.F. should be associated a representative of the Department of Transport.

(2) The R.C.A.F. or Department of Transport would continue to control and operate the airfield. To this end it would command the control tower and maintain the runways and administration buildings, as well as the buildings occupied by Canadians.[53]

(3) The United States and Canada would participate in the cost of constructing runways and other permanent installations, to be used by both nations. The cost would be shared in proportion to the estimated extent of use by each country.

(4) In the case of hangars, etc. specially built to house U.S. aircraft, which would not be required by Canada in any event, the cost might be entirely borne by the United States.

(5) The United States would supply the men and equipment to maintain its own aircraft.

(6) Barrack accommodation or married quarters would be paid for by the country using them or alternatively we could pay for their cost and charge a rental.

(7) Special equipment which the United States has and we have not got might be loaned and possibly operated by the United States without payment.

(8) At each installation there should be a joint plan for combined action to defend the station against direct attack. Any ground troops specially detailed for this purpose and not having any other duties, eg. full time anti-aircraft, should be Canadian.[54]

Our plans should of course cover the case of command in the event of general war. While it would generally be desirable that command in Canada should be exercised by a Canadian, this might be departed from in the interest of coordination and special cases. For example, for purposes of air defence, North America is a single territory and might be under the overriding command of a United States officer with Canadians and Americans in charge of various sections.

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[53] Note marginale :/Marginal note:
Doubt if we could ever sell this in view of these [paragraphs 3, 4] [R.A. MacKay]

[54] Note marginale :/Marginal note:
I'd anticipate strenuous objections to this one [R.A. MacKay]

From the talks we have had, I feel that these views will largely coincide with your own, but perhaps it would be a good thing if you could let me have your comments or suggestions on the foregoing. If our views coincide, I would then put these views to Mr. Pearson and we might put the result before the Cabinet Defence Committee, so that we would have Cabinet authority for the attitude to be taken in future discussions. I realize that there will probably be cases where it will be desirable to depart from the foregoing in some respect or another, but we should have before us a set of objectives which we regard as generally desirable.[55]

Yours sincerely,

BROOKE CLAXTON

734. DEA/50195-40

Le président de la Section canadienne, CPCAD, au ministre de la Défense nationale

Chairman, Canadian Section, PJBD, to Minister of National Defence

PERSONAL AND CONFIDENTIAL [Ottawa], May 23, 1951

Dear Brooke [Claxton],

I was very glad to receive your letter of 21 May 1951 in which you outlined some general principles which might govern our negotiations with the Americans on joint defence projects. In a separate letter, I shall refer specifically to Torbay, but here I would like to comment more generally on the broad principles which you indicated.

As you have foreseen, my views largely coincide with your own and it seems to me that in your nine points you have given a very clear statement of the position which we should endeavour to establish.

As you well know, our relations with the U.S. in matters of defence policy have been undergoing a steady development in the past year and a half. This is clearly reflected in the changing status of the facilities in Canada for U.S. use or for joint use which we have been able to achieve in our negotiations with our U.S. colleagues. From our point of view, the Goose Bay Lease was a very long step forward from the arrangements at the Newfoundland Leased Bases. We advanced a good deal further with the extension of the Continental Air Defence System when it came up for discussion at the beginning of this year. We were then successful in establishing that the idea of leases was outmoded and we made arrangements whereby contributions were based on proportionate use of the facility as a whole. At the last meeting of the Board, in Kingston, we made our position substantially clearer by taking advantage of an appropriate opening to state that Canada was not

[55] Note marginale :/Marginal note:
I don't think this letter should be referred to in other doc[ument]s unless Mr. Claxton sends us a copy. R.A.M[acKay].

prepared to grant any further leases although we were ready to cooperate fully in all necessary defence projects.

I fully agree with you that it is important that we give close thought to the fundamental principles governing Canada-U.S. defence policy, but I am not sure that we have yet reached the time to define this policy jointly with the U.S. authorities. I am apprehensive that in the United States if this were attempted at present there might be some misunderstanding of our purpose in enunciating a set of principles which is, in effect, clearly designed to protect our own position; we might be thought to show some lack of confidence in U.S. motives. Further, with the development of NATO defence plans, including both armed forces and infrastructure installations, we are entering a new era in which Canada-U.S. defence policy is necessarily related to the larger NATO picture. As the pattern of U.S. requests and of NATO planning develops, it may be to our advantage to adjust our present thinking in some respects. For these reasons, I would offer it as my personal opinion that we should not, at this stage, seek any agreed set of principles with our U.S. colleagues. At the same time, I should like to emphasize again the far-reaching importance to us of a thorough consideration of our long-term policy and in this connection I think it would be very useful to the Canadian Section of the Board to have for its own guidance a set of general principles such as you have outlined and which could have been agreed to by yourself and your colleagues as a basis from which we could approach particular problems as they are raised for consideration.

Yours sincerely,

A.G.L. McNAUGHTON

735. DEA/50195-40

Le chef de la Section canadienne, CPCAD, au ministre de la Défense nationale

Chairman, Canadian Section, PJBD, to Minister of National Defence

SECRET [Ottawa], May 23, 1951

Dear Mr. Claxton,

As you know, at the last meeting of the Permanent Joint Board on Defence, we discussed at some length the U.S. requirements at Torbay and elsewhere in Newfoundland. In reply to the U.S. request of April 23, we have given permission for the USAF to make surveys jointly with the Canadian authorities. It appears that we can anticipate further U.S. requests for substantial new facilities at Torbay.

The use to which the USAF would put facilities at Torbay is directly related to the U.S. strategic bombing role under NATO. It seems to me, therefore, that our policy on U.S. activities in Torbay — as well as similar undertakings elsewhere — must be considered in the light of general NATO arrangements. I am not now in a position to comment on the relation of U.S. facilities at Torbay to NATO infrastruc-

ture, though I would like to see a study on the subject prepared by those who are versed in these matters.

I should like to suggest, therefore, that before any final policy is decided for dealing with U.S. requests at Torbay, the subject might be referred to the Economic Panel on Defence Questions. If this suggestion commends itself to you I feel sure that the External Affairs member of the PJBD, who is also a member of the panel, would be able to arrange for the consideration of this question with the urgency which it clearly requires.

Would you let me know what you wish done.

Yours sincerely,
A.G.L. MCNAUGHTON

736. 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

DESPATCH 1995 Washington, June 1, 1951

SECRET

Reference: My Despatch No. 1591 of May 10, 1951.†

U.S. REQUESTS FOR ADDITIONAL DEFENCE FACILITIES IN CANADA

Since the recent meeting of the Permanent Joint Board on Defence, officers at the staff level in the State Department have referred on several occasions to the Canadian position with respect to the U.S. request for additional defence facilities as expressed at the last meeting of the Board. They have suggested that it might be desirable to have general discussions between the Embassy and the State Department regarding the type of agreement or agreements which Canada might wish to conclude as a result of the further U.S. request for military base facilities. They have also suggested that consideration might be given to the duration of such a defence agreement, and to the question of whether it might be concluded as a joint Canada-U.S. defence arrangement, or within the framework of the North Atlantic Treaty. So far, we have limited our comments in response, to remarks based upon the memorandum prepared for the Chairman of the Canadian Section of the Permanent Joint Board on Defence (forwarded under cover of your letter D-1791 of May 2, 1951†) and have indicated that these matters are presently under consideration in Ottawa. We have also stressed the desirability of having as much information as possible concerning the United States plans and requirements involving the construction and development of defence facilities in Canada.

2. From our informal discussions it is apparent that U.S. authorities do not consider the United States' bilateral agreement with Iceland as setting a desirable precedent for any proposed agreement on the construction or operation of additional

defence facilities in Canada.[56] What they have indicated that they would like to have (and this, from their standpoint, would be as satisfactory as a lease), would be a long-term agreement, say for 20 years, granting the United States unrestricted "user rights" for military purposes at certain specified sites provided by the Canadian Government. Such an agreement would be adequate to meet both Congressional and military requirements. Congress could be assured that they were not being asked to appropriate funds to construct permanent-type facilities in Canada on sites to which the United States had no long-term rights. United States military authorities would also be in a position, for planning purposes, to count on long-term military rights in respect of their facilities in Canada.

3. While, as a result of the statement of the Canadian Government position made by the Chairman of the Canadian Section at the last meeting of the Permanent Joint Board on Defence, the United States authorities have understood that we would not be disposed to grant any further long-term leases for defence purposes in Canada, they are now inclined to seek a solution, on the basis of a defence agreement within NATO or otherwise, which would give the United States unrestricted "user rights" for military purposes for as long a duration as may be agreed, if possible for 20 years.

4. I am not sure whether this approach is consistent, in letter and in spirit, with a principle contained in the joint statement on peacetime co-operation between the United States and Canada of February 12, 1947, which says "As an underlying principle all co-operative arrangements will be without impairment of the control of either country over *all activities* in its territory". As I understand it, we are quite willing to enter into an agreement with the United States for projects required in Canada for joint defence or in implementation of military requirements in the North Atlantic Treaty. However, once defence facilities in Canada required by the United States were no longer necessary for the implementation of agreed NATO military requirements or mutually agreed joint defence purposes, either government should have the right, after sufficient notice, to terminate or alter the agreement. In other words, the United States would not have blanket permission to use the facilities for any purposes which the United States might unilaterally declare to be necessary or desirable. For example, a facility granted for operational use by the Strategic Air Command could not be turned into a U.S. training station for fighter aircraft or vice versa, without the express consent of the Canadian Government.

5. In my despatch under reference I suggested that we might be expected to contribute something more than property as our share of the common costs of any additional U.S. facilities in Canada. In recent discussions on NATO infrastructure (which the United States have stated should not necessarily set a precedent for all areas in NATO), the United States position has been that the host governments should provide land and public utilities, but that the remaining cost of constructing the facilities should be borne by the "user" governments. From the financial standpoint and with respect to defence facilities in Canada, this proposal would seem to

[56] Voir/See *FRUS*, 1951, Volume IV, pp. 480-513.

be one which would cause us a minimum of hardship, particularly if the facilities in Canada are not operated on a joint basis.

6. As officials in the State Department may be expected to return to a discussion of the questions raised in this despatch it would be helpful to have your guidance.

H.H. WRONG

737. 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 14, 1951

...

IV. U.S. REQUEST FOR USE OF TORBAY AND GANDER IN AN EARLY EMERGENCY

17. *The Minister of National Defence* said that, at the meeting of the Permanent Joint Board on Defence of May 7th - 11th, 1951, the U.S. Chairman had put forward a request of the U.S.A.F. for permission to use the Torbay and Gander airfields in the event of an early emergency. In such an emergency, the U.S.A.F. wished to use such capacity and facilities as the R.C.A.F. could make available at Torbay, and to use the facilities at Gander for the support of operations of the Military Air Transport Service.

The Canadian Chairman had informed the Board that he would take up the request with the Canadian government and recommend its approval. The Vice Chiefs of Staff Committee had now recommended acceptance of the U.S. request, subject to Canadian military and civilian requirements at the two fields being given first priority in an emergency and to such arrangements as might be made in that event, between the R.C.A.F. and the U.S.A.F., concerning the operation of U.S. aircraft at the fields.

18. *The Acting Chief of the Air Staff* said the U.S.A.F.'s purpose in making this request was to ascertain whether it could reasonably plan on being able to use some of the facilities at the two airfields in an early emergency, pending conclusion at a later date of arrangements between the two governments regarding U.S. use of these and other fields in north-eastern Canada.

19. *The Prime Minister* thought it inadvisable to give the U.S. authorities a written undertaking that they could have access to Torbay and Gander in an early emergency since the arrangement might be made public in the United States. It appeared sufficient to inform the U.S. authorities orally that, as the two countries were co-operating in the defence effort, it was considered that the U.S. authorities should be able to take it for granted that, in the event of an emergency, everything proper to meet it would be done.

20. *The Committee*, after further discussion, noted the report of the Minister of National Defence regarding a U.S. request for use of facilities at Torbay and Gander in an early emergency, and agreed that the U.S. authorities be informed orally that, as the two countries were co-operating in the defence effort, it was considered

that the U.S. authorities should be able to take it for granted that, in the event of such an emergency, everything proper to meet it would be done.

. . .

738. DEA/50195-40

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

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

TOP SECRET AND PERSONAL Washington, June 21, 1951

Dear Mr. Heeney:

As you know, we have been hoping to get through the State Department clarification of the further requests which might be expected from the United States Government for defence facilities in Canada. I am now able to report at least a partial clarification resulting from a conversation which Mr. R. Gordon Arneson had with General Walsh this week insofar as it concerns additional requirements which the United States Air Force will have for the use of the Strategic Air Command.

General Walsh told Mr. Arneson that the United States Air Force will require one base additional to the base at Goose Bay for the use of the Strategic Air Command, to be located in a site in Newfoundland. The reasons for this requirement were two. First, the U.S.A.F. wanted to have a base which would be easily accessible by water all the year round for the transport of the large quantities of gasoline required for S.A.C. operations. The base at Goose Bay, he pointed out, had the defect that for a large part of the year it was accessible only by air transport. The second reason was the large expansion of the United States Air Force now in train, which included the expansion of aircraft to be used by the Strategic Air Command, as well as the expansion in the number of special weapons to be used in these operations. Apparently it is the opinion of the U.S.A.F. that the facilities at Goose Bay will not be sufficient to accommodate this expansion.

General Walsh told Mr. Arneson that all he could say at this time was that it was the clear objective of the U.S.A.F. to seek one more base[57] from the Canadian Government, and to secure arrangements by negotiation which would enable the U.S.A.F. to use such a base for special weapons on the same conditions as applied at Goose Bay. Mr. Arneson was also told that the United States base at Harmon Field is apparently to be regarded as a supporting field to be used particularly for the storage of fuel and for fuel-carrying aircraft.

[57] Note marginale :/Marginal note:
This requirement gives us a better position [A.D.P. Heeney].

I should mention that Mr. Arneson had promised Mr. MacKay when he was in Ottawa that he would get this information for him, but had been unable to have his conversation with General Walsh until this week.

Yours sincerely,
H.H. WRONG

739. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Acting Secretary of State for External Affairs to Cabinet Defence Committee

CABINET DOCUMENT NO. D-291 Ottawa, June 28, 1951

SECRET

UNITED STATES SURVEYS IN NEWFOUNDLAND

The Department has been informally advised by United States State Department officials that the United States wishes to develop another air base in Newfoundland in addition to Goose, the principal reason being that on the outbreak of war it would be quite impossible to handle expected traffic through existing airfields. Similar information has been conveyed through Service channels. The United States has already asked for permission to survey Torbay airport with a view to development. Permission has already been granted, and it is understood a survey is under way. Before making any definite proposals regarding Torbay, the U.S.A.F. wish, however, to make a reconnaissance survey of the Island for the purpose of finding potential sites and to conduct site surveys on promising sites, if any are found. *They are not at present requesting permission to develop any site, but merely to make a survey to determine what site (Torbay or other) would be most feasible for development.*

In order to eliminate unnecessary work in making a survey, the Department of Transport and the R.C.A.F. are prepared to make available to the U.S.A.F. any available data they may have regarding possible sites.

The survey has been approved by the Chiefs of Staff Committee and the Department of Transport subject to the following conditions:

(a) that the survey team should be nominally headed by an officer of the R.C.A.F. and that the Department of Transport be invited to have a representative participate and to provide such other assistance as that Department considers desirable;

(b) that copies of all results, including maps, survey data, photographs, etc., be made available to the Canadian Government through the R.C.A.F.;

(c) that permission of the Government of Newfoundland be obtained in advance.

Any necessary arrangements with the Government of Newfoundland or with private property owners would be made by the R.C.A.F. or the Department of Transport as may be appropriate.

It is recommended that permission be given to the United States Government for the U.S.A.F. to conduct surveys on the Island of Newfoundland, subject to the conditions noted above.[58]

B. CLAXTON

DEA/50030-K-1-40

740.

Note pour le Sous-comité sur les aspects économiques des questions de la défense

Memorandum to Sub-Panel on Economic Aspects of Defence

SECRET [Ottawa], July 9, 1951

UNITED STATES REQUEST FOR FACILITIES ON CANADIAN TERRITORY

Last April the Department of External Affairs received a note from the United States Government requesting the permission of the Canadian Government for the United States Air Force to carry out "exploratory discussions" with the appropriate Canadian authorities regarding a proposed lease of the airport at Torbay, Newfoundland. Subsequent informal discussions revealed that the proposal consisted of an extension of the airport for the purpose of offensive operations by the U.S. Strategic Air Command and the construction of certain installations at the airport for the use of and control of the U.S. It was suggested that the Canadian Government might grant the U.S. Government a twenty-year lease of the property.

2. Joint participation and close collaboration with the U.S. has long been the principle governing Canadian policy with respect to foreign military activities in Canada. The Ogdensburg Agreement of August, 1940, out of which grew the Permanent Joint Board on Defence, emphasized joint responsibilities, a theme which has dominated the work of the PJBD since its inception.[59] However, while Canada has always been generally willing to cooperate in matters of joint defence, and while, indeed, we are specifically committed under the Medium Term Plan to make facilities available to the U.S. Strategic Air Command, the Canadian Government has made it a central point of policy to resist any encroachment upon Canadian rights and sovereignty.

3. In formal reply to the note the Canadian Government suggested *inter alia* that consideration of this matter be undertaken by the PJBD at its next series of meetings. These meetings were begun on May 8th last and during the sessions General McNaughton, the Canadian Chairman of the Board, stated specifically that Canada would not consider a lease of this property and generally that leases, while we had inherited them in the very special circumstances of Newfoundland's entrance to Confederation, were no longer acceptable to Canada as a basis for U.S. development on Canadian territory.

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[58] Approuvé par le Comité du Cabinet sur la défense, le 29 juin 1951./Approved by Cabinet Defence Committee, June 29, 1951.

[59] Voir Canada, *Recueil des traités*, 1940, N°. 14./See Canada, *Treaty Series*, 1940, No. 14.

4. No official communication has passed since the meeting of the Board in May. But our Embassy in Washington has had some informal discussions with the State Department; also the two services, the USAF and the RCAF, have been in touch with one another.

5. In the early stages of these discussions we hopefully suggested that perhaps the arrangements concluded by the U.S. with Iceland for the construction and operation of certain facilities in the latter country might be applicable to the proposed project in Canada. The Icelandic terms were:

(a) Iceland provided free only land, without local utilities.

(b) The U.S. assumed all construction and operating costs.

(c) The arrangement can be terminated on the recommendation of the NATO Council or, if agreement by the Council is not reached as a result of a review by NATO, by twelve months' notice by either government.

Iceland drove a surprisingly hard bargain with the U.S. in this transaction — a much harder one than Denmark could in respect of Greenland. The Greenland agreement lasts for the duration of the Treaty unless amended or cancelled by agreement between the two governments. The State Department has made it clear to us that the Icelandic terms do not set a desirable precedent for similar operations in Canada. In the informal Washington discussions the U.S. authorities have stated that while they understand our position on the question of a long-term lease, the alternative of a long-term "agreement", say for twenty years, granting the U.S. unrestricted "user rights" for military purposes would be as satisfactory. Such an agreement would be adequate to meet Congressional and military requirements.

6. It is not entirely clear what the difference is between this proposed agreement and a lease. Moreover, there is some doubt as to whether this approach is consistent in letter and spirit with principle No. 5 of the Joint Statement on Peacetime Co-operation between the U.S. and Canada dated February 12, 1947:

"As an underlying principle all co-operative arrangements will be without impairment of the control of either country over all activities in its territory."[60]

In the United Kingdom, the United States has not been able to acquire any leases at all on airfields used by the USAF or even assured rights of occupancy. The Washington conversations have ben inconclusive and Mr. Wrong, last June 1st, asked for further guidance which to date has not been provided. It is apparent that the U.S. Government will, before long, officially approach the Canadian Government again to establish the terms under which Torbay or some alternative property may be made available to the Strategic Air Command.

7. In determining our attitude to U.S. plans in Northeast Canada we might examine some of the projects which have been undertaken by the U.S. in Canada and see what our arrangements have been in connection both with financing and terms of occupancy. It is emphasized that the following list of projects is not complete and only represents those which seem to be germane to the problem under consideration. These projects can be divided in two parts:

[60] Voir Canada, *Recueil des traités*, 1947, N°. 43./See Canada, *Treaty Series*, 1947, No. 43.

(a) Prewar and wartime projects.

(b) Postwar projects.

(a) *Prewar and Wartime*

8. *Airfields.* The first series of airfields built as a joint defence project was the Northwest Staging Route which included fifteen airfields. About one-half of these were built in 1942 and operated by Canada. There were also nine airstrips built along the Canal route by the U.S. At the end of the war apprehension was felt that the U.S. might claim postwar rights on the basis of the wartime expenditures on these airfields. Since Canada's exchange position was exceptionally favourable at the time it was agreed, in April 1944, to pay the U.S. approximately $77 million for airfields and other facilities in the North which had been provided by them.

9. *Weather Stations.* During the last war approximately sixty weather stations were established by U.S. forces, about one-third being abandoned before the end of the war. The remainder with the exception of one on Padloping Island (which is eventually to be transferred when Canadian manpower is available) were taken over by Canada and paid for out of the $77 million above mentioned.

(b) *Postwar*

10. Since the war Canada has resisted any proposals for military activity on Canadian soil by the U.S. alone. Canadian policy on defence collaboration is set out in the 36th Recommendation of the PJBD approved by both governments, annexed as Appendix A hereto.†

11. *Loran Stations.* Three of these are operated by the U.S. Coastguard in Newfoundland. They were established and paid for by the U.S. during the war as part of a chain on the Atlantic Coast. Since 1945, and more particularly during the past year, the U.S. has been anxious to transfer responsibility for them to Canada. At present they are paid for and controlled entirely by the United States.

12. *Arctic Weather Stations.* Five joint weather stations have been established in the Canadian Arctic. They have been financed and operated as follows:

(a) Canada and the U.S. have each supplied half the personnel for each station.

(b) Overall responsibility for each station has been vested in a Canadian civilian official in charge. All radio operators are Canadian.

(c) The Canadian Government has borne all pay and subsistence of Canadian personnel and provided all permanent installations.

(d) The U.S. has borne all other costs, including equipment fuel, Arctic supplies and most transport.

(e) All permanent installations and improvements, including those of adjacent air-strips have remained the property of Canada.

(f) The Canadian Government, having reserved the right to do so under the original terms of occupancy, intends to take over the manning of all stations in due course. Availability of manpower is the limiting factor.

There are three other stations which are under the sole control of the U.S. by reason of their location on leased bases at Stephenville, Fort Pepperrell, and Argentia (see para 14).

13. *Radar Sites.* The two Governments have agreed to undertake jointly the extension of a Continental Air Defence System. This extension will involve about thirty radar installations on Canadian soil. This question was considered by the PJBD in January 1951 and their recommendation was as follows:

(a) No installations on Canadian soil will have an exclusively foreign character.

(b) The Canadian Government will acquire all land for installations and will pay one-third of the cost of building and maintaining the stations.

(c) No leases are given to the U.S. but they are granted "rights of access".

(d) When the stations are no longer required (*in the opinion of both Governments*) all immovable equipment will remain the property of Canada.

(e) The system is jointly manned as a whole although not in respect of each separate station.

(f) Canada will take over the manning of as many stations as her reserve of trained operators permits.

(g) As many of the stations as possible will be physically constructed by Canada; in some cases this will be on U.S. account.

(h) As far as possible the stations which are to be built and manned by the U.S. will be those which are most remote from populated areas.

The Board's Recommendation has been approved by the President of the U.S. and by the Canadian Government.

14. *Leased Bases.* These are in a separate category and cannot be called joint projects. The rights enjoyed by U.S. Forces in these areas cannot be taken as an indication of the privileges which the Canadian Government is normally prepared to give to U.S. Forces. This point was made in May 1951 meeting of the PJBD. On the entry of Newfoundland into Confederation, Canada inherited the 99-year agreement signed by the U.K. and U.S. in 1941. This agreement provides for very considerable U.S. privileges on what is now Canadian soil. In view of the special circumstances surrounding the existence of these bases they are not considered relevant to the present U.S. request for facilities. Details are accordingly omitted.

15. *Goose Bay.* As part of the general revision of the Leased Bases Agreement it was recommended by the Canadian Section of the PJBD and agreed to by the Government that the U.S. be given a 20-year lease to areas within the Base at Goose Bay. At the time of the recommendation the U.S. wished to establish married quarters and permanent facilities but was unable under U.S. law to do so without definite tenure.

Command

16. At present U.S. operations in Newfoundland are commanded by a Commanding General with headquarters at Fort Pepperrell, St. John's. Highest ranking RCAF officer in Newfoundland is a Wing Commander.

Conclusions

17. It seems clear that any arrangements which Canada enters into with the U.S. for extension of Torbay, or similar projects, must be along the lines of those concluded in the post-war period rather than in the pre-war and wartime periods.

18. For political reasons (including relationships not only with the U.S. but with the Provincial Government) it is also apparent that the Canadian command structure in Northeast Canada must be designed to exercise as much control as possible over U.S. activities.

19. In simplest terms, Canada's interests lie in maintaining the maximum degree of sovereignty and control and the shortest term of occupancy for the minimum financial contribution to construction and operation. By the special nature of the proposed activities it appears inevitable that the United States will demand a greater degree of control than in previous post-war joint projects and also a longer term of occupancy in one form or another.

20. It seems logical to assume that the higher Canada's contribution to the cost of the installations is, the stronger will be her position in resisting these demands.

21. Selection of any formula for cost sharing is bound to be somewhat arbitrary and in this light the following alternatives are suggested:

(a) Canada to provide only the land and possibly also local utilities supporting this approach by the Icelandic and Danish examples, also by the "user principle" for cost-sharing of European airfield infrastructure which the U.S. is pressing in NATO.

(b) Canada to assume the full cost of the project and the United States to amortize over a period to be determined on a basis of the period of continuing value of the facilities.

(c) The United States to assume full cost (including or excluding cost of land and local utilities) and Canada to amortize up to say one-third the total cost over a period of:

(i) 10 years, or

(ii) the life of the Treaty.

(d) Canada and the United States to share the cost on some mutually agreed basis such as that reached in the case of Radar Sites (see paragraph 13(b)).

(N.B. The division of costs arrived at for the Radar Sites was based on degree of use; the identical criterion would not be applicable here).

This could involve Canada in one third of about $80 million for Torbay. A very rough estimate by the RCAF of total expenditures covering proposed extensions at Torbay as well as at Frobisher, Goose Bay and Gander is $150 million. Thus over a period of about two years Canada's share on this basis could be approximately $50 million. It should be remembered that all these facilities will be of use to Canada not only in the future but at present for Air Defence, Coastal Command, and in some cases commercial purposes. Moreover, Frobisher will be useful for supplying the more remote bases in the Far North.

22. There seems no reason why, in the matter of tenure, we should not adopt the position already successfully taken by Iceland and the U.K., that is, to offer no fixed tenure, at all but merely to grant "user rights" for as long as both governments consider this to be necessary. There is reason to believe the U.S. badly needs these facilities and might consequently accept conditions more favourable from Canada's point of view than heretofore. Even if we were ultimately forced to retreat from this

position, we might, if our original stand is firm enough, strike some sort of a bargain in modifying the terms of the Leased Bases Agreement.

Recommendations

23. (a) Canada and the United States should share the cost of the project on the basis of United States two-thirds, Canada one-third.

(b) Canada should grant "user rights" for as long as both governments agree that the arrangement is necessary.

(c) Canada should form a command organization which would place an RCAF officer in ultimate command of all air bases on Canadian soil including those solely occupied by U.S. Forces.[61]

741. DEA/50221-40

Le sous-ministre adjoint des Finances au chef de la 1ère Direction de liaison avec la Défense

Assistant Deputy Minister of Finance to Head, Defence Liaison (1) Division

SECRET Ottawa, July 20, 1951

Dear Dr. MacKay:

I told you that I would write you about the paper that you and Mr. Griffin prepared on the United States request for facilities in Canadian territory, having in mind particularly requirements at Torbay.[62] Anything I say here, I must emphasize, is my own view, as I have not been able to discuss it with the Minister, Dr. Clark, or Mr. Deutsch, all of whom are, of course, interested.

The main point I should like to make is that I feel we should not undertake substantial capital expenditures simply for the purpose of getting a nominal command of a base, or for getting a nominal right to terminate "user rights", to be given to the United States in lieu of a lease. It seems to me that the question of command must depend on whether Canada is furnishing an appreciable fraction, at least, of the manpower employed in and around the base in question. If the base is entirely, or almost entirely, for U.S. needs and manned by U.S. personnel, it seems to me that it is almost certainly going to be under U.S. command in substance and probably in theory, and that there is little to be gained by our undertaking substantial costs of construction on it. On the other hand, if the base is primarily a Canadian airport or a Canadian base, such as Gander and Goose are, then I think we can and should be in command, and that if it is necessary for us to assume some share of capital costs to clinch this, we should be prepared to do so. Undoubtedly there will be cases shading in between these two clear-cut extremes, and we will have to

[61] Cette note de service n'a pas été discutée par le Sous-comité sur les aspects économiques des questions de la défense.
This memorandum was not discussed by the Sub-Panel on the Economic Aspects of Defence.

[62] Voir le document précédent./See preceding document.

use judgment in deciding what is sensible in such cases, but broadly speaking, my own feeling, perhaps naturally since I am in the Treasury, is that it is not worth while making substantial capital expenditures, nor undertaking more or less artificial operational responsibilities, in order to get nominal command.

In regard to "user rights", we should, I think, try to have them limited in so far as possible in theory, and no doubt in this case the Americans will be sufficiently desirous of getting bases that they will be prepared to accept some limitation. However, it seems to me that it is not worth while our paying any substantial amount in capital costs in order to secure such limitations on "user rights", as I do not believe that in fact we will feel prepared to exercise any restrictions on them if they are within our powers. Moreover, I think the existence of such restrictions and our rights to exercise them are not likely to be understood to any marked degree by the Canadian public, and from a political point of view, are hardly likely to be worth the expenditure of many millions of dollars. I would think instead that some fuzziness of formula might well be used to obscure the extent to which we have in fact granted the Americans the equivalent of a long-term lease.

There are, of course, political issues in this of which I am perhaps a poor judge. Nevertheless it seems to me that in this day and age we have to recognize unpalatable realities, one of which is that for better or for worse we must throw in our lot with the United States and recognize the need for her to have strategic bases from which to deploy the power on which our safety as well as theirs seems now to rest.

I am asking to have this paper and a copy of this letter passed on to Mr. Armstrong and Mr. Deutsch when they return to Ottawa around the end of this month.

Yours truly,

R.B. BRYCE

742. DEA/50021-40

Note de la 1ère Direction de liaison avec la Défense pour le chef de la 1ère Direction de liaison avec la Défense

Memorandum from Defence Liaison (1) Division to Head, Defence Liaison (1) Division

SECRET [Ottawa], July 21, 1951

U.S. REQUEST FOR FACILITIES

I am returning Bryce's letter.

This is a very reasonable statement from the Treasury point of view and there is no doubt that some of the argument is incontestable. All the same I stick to my original position that, very generally, our control over the situation and our ability to limit the tenure will largely be measured by what we contribute to capital and maintenance costs. I agree with Bryce on the subject of "nominal command". But it is not "nominal" command we are concerned with; it is actual command based, as Bryce himself has put it, on "Canada ... furnishing an appreciable fraction ... of the manpower employed ...". My understanding is that SAC will need some squadrons

of fighter cover.[63] If this is the case and if we were to provide them, would not that be "an appreciable fraction of the manpower employed"?

2. Bryce's argument that the Canadian public are not likely to understand the question of restrictions over U.S. tenure, etc., and the expenditure of public money on ensuring them is a rather hard one to shoot down because dollars and cents are competing with the somewhat abstract question of long term political relationships. Nevertheless, if it is the military decision (and preferably a NATO decision) that a number of fighter squadrons must be stationed in Northeast Canada, would the Canadian public really feel that it was up to the U.S. to provide them while we send all our squadrons over to Europe? Would it not be more acceptable politically (if not to the RCAF!) to look after as much of what NATO decides are the minimum defense requirements of this country ourselves? The integrated force loses nothing by Canada furnishing requirements in Canada and releasing U.S. squadrons for Europe.

3. There is no quarrel at all with Bryce's penultimate paragraph. This is recognized in Principle No. 5 of the Joint Statement of Feb. 12, 1947.

4. What is the next move? Does the paper or a revision thereof go to sub-panel or do we thrash the question out further intradepartmentally?[64]

A.G.S. G[RIFFIN]

743. DEA/50209-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures[65]

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs[65]

TOP SECRET Ottawa, August 3, 1951

REVISION OF JOINT (U.S.-CANADA) STATEMENT ON DEFENCE, 1947[66]

When the Minister was in Washington early in June he raised with Mr. Acheson the question as to whether it would not be desirable to have the Joint Statement of 1947 revised.[67] Mr. Acheson agreed. We have had an enquiry from the State Department as to whether we propose to bring up the question of revision at the PJBD meeting the third week of August.

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[63] Note marginale :/Marginal note:
Fighters accompany SAC bombers. Defence of bases is the question. R.A.M[acKay].

[64] L'auteur de ce document a ajouté la note manuscrite suivante à la fin de sa note de service :/The author of this document added the following note by hand to the end of his memorandum:
Spoken to you since. You will no doubt let me know if there is anything further for me to do.

[65] Note marginale :/Marginal note:
The Minister You agreed that the revision of the Statement be deferred — but you should see this & attachment Aug[ust] 9 A.D.P.H[eeney].

[66] Voir/See Volume 13, Document 868.

[67] Voir la pièce jointe 1 au document 699./See enclosure 1 to Document 699.

2. I have discussed the matter with General McNaughton. We both feel that to attempt a revision at this time might not be wise. Although the Joint Statement antedated both the accession of Newfoundland and the North Atlantic Treaty, which raises new problems with regard to U.S. facilities in Canada, the statement still, I think provides us with a fairly firm basis of principle to protect Canadian sovereignty. In fact we have not perhaps insisted on the letter of the Joint Statement ourselves in some cases; e.g., the promise of a lease for areas in Goose Bay, and the Radar Agreement which will permit U.S. command of radar stations until they are taken over by Canada.

3. One serious objection to proceeding with a revision at this time is that the Government has not come to any decision on policy with regard to:

(a) Command for defence of the Newfoundland - Northeast area of Canada;

(b) whether, if new sites are granted the U.S. in this area, the sites are to be under Canadian command; or

(c) whether any contribution should be made to new sites to be developed in the area. (A list of outstanding or anticipated requests is appended.)

In view of these circumstances I am inclined to feel it would be premature to proceed with a revision of the Joint Statement of 1947 just at this time.[68] The Minister may, however, think the time appropriate, and he may have some views as to how the Statement should be revised. You may wish to have a word with him. If the PJBD is to consider the matter at its next meeting, it will be necessary to notify the U.S. members promptly.

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Annexe

Attachment

TOP SECRET Ottawa, August 3, 1951

OUTSTANDING AND ANTICIPATED REQUESTS FOR U.S. DEFENCE FACILITIES IN CANADA

1. *Goose Bay* — We have agreed to a twenty-year lease to an area or areas within the Base, but completion is being held up pending agreement between the USAF and the RCAF on metes and bounds. There is no reason to anticipate difficulty in reaching agreement.

2. *Request for three global communication sites in Newfoundland* — These would be tenant stations of existing bases but the U.S. contend that these communication facilities must be outside the bases in order to avoid interference with reception. We have received a hint that a request for further sites in Newfoundland may be forthcoming.

[68] Note marginale :/Marginal note:
O.K. L.B.P[earson]

3. *Two radar sites in the Northern Arctic*, which would be part of the Greenland chain rather than part of the chain projecting the recent radar agreement.

4. *Request for air gunnery range in Lake Erie* — The Province of Ontario and the Department of Fisheries are averse to granting this request lest it interfere with fishing activities, but they have been asked to reconsider in the light of additional information.

5. *Request for the large-scale development of Torbay or an alternative field in Newfoundland* is almost certain to be forthcoming as soon as surveys now underway are completed.

6. *Request for our consent in advance to the evacuation of civilians down the Alaska Highway in the event of emergency* — The note covering this request is not very clear but seems to imply advance provision of facilities for accommodating evacuees, including probably the stationing of some personnel along the Highway.

R.A. M[ACKAY]

744. DEA/50209-40

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

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

TOP SECRET AND PERSONAL Washington, September 20, 1951

Dear Arnold [Heeney]:

The long delay in answering your letter of July 30th† on the question of a possible new deal with the United States covering their defence installations in Northeastern Canada is explained by the fact that it arrived after I had gone on leave and has only recently come to my attention. We have given the matter a good deal of consideration here. As you said in your letter, the main question is whether we hold sufficiently strong cards to make it practicable to re-open such issues as the length of the leases of the Newfoundland bases and the conditions which we have already undertaken to accept at Goose Bay. If there is little chance that we could persuade the Administration to consider a substantial modification of these arrangements, to put forward a comprehensive plan on the lines proposed in MacKay's memorandum would only cause irritation.

Our point of view reflects the best guess that we can make of how such a scheme would be received; this guess is based on past experience in the negotiations over the Newfoundland bases after the union of Newfoundland with Canada, and on the many other discussions of the last two or three years dealing with the use of U.S. forces of facilities in Canadian territory.

My judgment, in which Messrs. Matthews, Ignatieff, and Towe concur, is that we would have to pay altogether too high a price to secure the concurrence of the United States in an agreement covering *all* the defence installations in Canadian territory which they already have or desire to establish. The price would involve

the granting by us of terms at the new installations, such as Torbay or a comparable airport, which would be more difficult to explain satisfactorily to the Canadian public than the continuance unchanged of the 99-year tenure at the leased bases and of the arrangements agreed for Goose Bay. We think, therefore, that we should concentrate on securing satisfactory conditions at other installations in Canada where the U.S. may be the sole user or may share the use with the Canadian forces. In short, it seems to us politic to separate as far as possible from the other issues matters concerning the leased bases and the arrangements at Goose Bay, and to concentrate on arranging that additional U.S. requests should be granted only on terms that meet our wishes and are related to the general pattern of bilateral agreements between NATO countries for the use of defence facilities.

The principles at which we might aim can be summarized as follows:

1. *Conditions of Tenure*:

(a) The agreements should cover the specific use of facilities and not the lease of territory;

(b) The agreements should be for a limited duration, say the duration of the North Atlantic Treaty, and we should aim, at least as a maximum objective, at the inclusion of a right to terminate (or cancel) the agreement at any time during the original period *at the request of either party*;

(c) User rights and facilities granted by Canada to the United States should be spelt out in the agreements and no general ceding of rights should be provided;

(d) In the case of joint use of facilities, Canada should have the right to take over the full control and operation of any facility;

(e) When facilities are to be jointly used by Canada and the U.S., there should be an obligation upon the United States to pay its share of the maintenance cost during the period of the agreement;

(f) In the case of facilities for U.S. use only, agreements should automatically lapse in respect of any individual facility if during the period of the agreement the U.S. ceases to maintain the facility in operation.

2. *Immunities and Privileges*:

Immunities and privileges granted to U.S. personnel under all new defence agreements should conform to a standard agreement applicable throughout Canada. The NATO Forces Agreement of 1951, plus perhaps assurances covering post exchanges and service clubs, provides such a basis.

3. *Financial Arrangements*:

(a) When user rights are granted by Canada for the exclusive use of the United States, the United States should provide all the funds, although the Canadian Government should furnish the land.

(b) In defence agreements providing for joint use of the defence facilities, *ad hoc* arrangements should be made to share the cost.

(c) Upon termination of the application of an agreement relating to a facility for the exclusive use of the United States, the United States should have a right to remove any movable installations. Anything remaining should become the property of the Canadian Government without cost. In the event of termination of an agree-

ment by cancellation on Canadian initiative, some special provision will presumably have to be made by Canada to provide the United States reasonable compensation for the installations.

The chief point of contention if we put forward proposals of this nature would be the suggestion that agreements incorporating them could be terminated at any time by either party. This would be likely to bring forth the usual arguments that Congress would not provide the funds without some assurance of security of tenure, and there would certainly be some substance in these arguments. I think, however, that this is a good position from which to begin. Indeed, if we took this stand and stuck to it vigorously, there might be a chance, though perhaps a remote one, that we could extract concessions involving changes in the leased-bases agreement as the price for modifying our position. There are, or course, a number of intermediate stages between an agreement which can be unilaterally terminated at any time and one that is firm for twenty years unless both parties concur in this termination or modification. There is a good deal to be said, at any rate as a negotiating technique, for starting at the suggested position even if we have to give quite a lot of ground later on.[69]

Yours sincerely,

H.H. WRONG

745. 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], December 12, 1951

...

VIII. ADDITIONAL FACILITIES FOR U.S.A.F. AT TORBAY; POSITION OF T.C.A. AT KINROSS FIELD, MICH.

38. *The Minister of National Defence, as Acting Secretary of State for External Affairs*, said that on December 3rd the U.S. government had asked permission for the U.S.A.F. to obtain, by short-term lease from the Department of Transport, use of an additional 22 buildings at Torbay airport, Newfoundland. The proposal was to use these initially to house an aircraft control and warning unit and, later, for the expanding U.S.A.F. general depot at the field.

He outlined various considerations involved in this request. The Departments of External Affairs, National Defence and Transport had recommended that, subject to certain conditions, the U.S.A.F. be permitted to use 19 of the buildings in question for the temporary housing of the radar unit mentioned.

An explanatory memorandum had been circulated.

[69] Note marginale :/Marginal note:
Mr MacKay: seems sensible A.D.P.H[eeney]

(Memorandum, Acting Secretary of State for External Affairs, Dec. 10th, 1951, U.S. request for further facilities at Torbay Airport — Cab. Doc. D-321)†

39. *The Chief of the Air Staff* stated that, whatever the outcome of its surveys at Torbay and elsewhere in Newfoundland, discussed at the meetings of April 17th and June 29th, 1951, the U.S.A.F. was expected to wish to use the 19 buildings, when later evacuated by the radar unit, for the extension of its present supply depot.

40. *The Minister of Transport* felt it should be recognized that, as a result of piecemeal requests for facilities at Torbay, Resolute Bay and elsewhere, the U.S.A.F. was gradually becoming, or likely to become, the chief occupant of a number of airfields in Canada on a semi-permanent basis. If the radar unit were admitted to Torbay, as proposed, there would be about 700 U.S. servicemen there and it would be difficult for a civilian department to explain how that total had gradually been reached. He thought that operation of the field should now pass from his department to the R.C.A.F.

It appeared unwise to permit the radar unit to use Torbay until a case involving U.S.A.F. interference with Trans-Canada Air Lines rights was cleared up. By international agreement the U.S. government had accorded Canada an important civil air route between Winnipeg and Toronto, via Kinross Field, Michigan and T.C.A., which has been designated for the operation of this route, had developed terminal facilities at Kinross Field. Recently, however, the U.S.A.F. had taken steps to occupy the field and expected T.C.A. to move its facilities. Representations had been made by his department to the U.S. Civil Air Attaché in Ottawa without result to date.

41. *Air Marshal Curtis* said that it was inevitable for an expanding force like the U.S.A.F. to request facilities piecemeal in Canada. He agreed that it would probably be desirable for the R.C.A.F. to take over operation of Torbay.

42. *Mr. Claxton* felt that, if this were done, landlord-tenant relationships at Torbay would be made easier.

43. *The Chairman, Chiefs of Staff Committee* said that the U.S.A.F.'s present estimate of its additional requirements in Canada in 1952 had now been received and would be made available to the Committee after examination.

He had been assured by the Chairman, U.S. Joint Chiefs of Staff, that General Vandenberg, Chief of Staff, U.S.A.F. would be glad to settle any cases of U.S.A.F. interference with Canadian activities. He was, therefore confident that Air Marshal Curtis could, if desired, obtain from General Vandenberg a satisfactory solution of the problem that had arisen regarding Kinross Field.

44. *The Minister of Defence Production* suggested that the proposed temporary lease at Torbay be approved subject to satisfactory arrangements being made to resolve the problem arising from U.S.A.F. interference with the position of Trans-Canada Air Lines at Kinross Field.

45. *The Committee*, after further discussion, noted the report of the Acting Secretary of State for External Affairs, regarding additional facilities desired by the U.S.A.F. at Torbay airport, Newfoundland, and agreed that:

(1) the U.S. government be informed that, subject to satisfactory arrangements being made to resolve the problem arising from U.S.A.F. interference with the position of Trans-Canada Air Lines at Kinross Field, Michigan:

(a) 19 buildings (not including Nos. 2, 25 and 26) at Torbay may be used by the U.S.A.F. for temporary accommodation of an aircraft control and warning unit ultimately to be posted elsewhere, although no commitment can be made, pending further study, regarding use of these buildings by other troops;

(b) the U.S.A.F. may negotiate with the Department of Transport a lease covering these buildings, valid for one year, terminable on 30 days' notice and providing for payment to the Department of Transport for services it makes available;

(c) this arrangement does not alter the character or functions of the civil airport under the control of the Canadian authorities, or affect the freedom of access and operation of civil operators or civilians with legitimate business at the field.

(2) the question of transferring responsibility for operation of Torbay airport from the Department of Transport to the Department of National Defence be further considered at a subsequent meeting after study by these departments.

...

746. DEA/50216-A-40

Note de la Direction économique
pour le chef de la Direction économique

Memorandum from Economic Division
to Head, Economic Division

[Ottawa], January 5, 1952

KINROSS AIRPORT

I am glad to say that our meeting in Washington on the Kinross problem turned out as well as we could have anticipated.

2. The Canadian party comprised A.S. McDonald of the Air Transport Board; E. Hickson, Department of Transport; F.T. Wood, TCA, and myself. We were met by a large group of United States Air Force and State Department officials — about 18 in all. It was soon clear that they had very little idea of what the problem was at Kinross but they were most conciliatory in attitude and were obviously anxious to find out what was troubling us.

3. The meeting was chaired by Colonel Ray of the United States Air Force. Colonel Bristor, United States Army Engineers, who will be in charge of the construction work at Kinross, was present. The Canadian case was presented for the most part by McDonald. The presence of a representative of TCA was useful, and for myself, I was able to give McDonald some help before and during the meeting.

4. We had two main complaints to register. The most important of these was that certain conditions laid down by the USAF for TCA's continued use of Kinross

imposed limitations on rights we held under the Canada-United States Bilateral Air Agreement of 1949, and were in fact inconsistent with the terms of the Agreement. The USAF proposed to issue a licence to TCA which would constitute permission for the company to continue using the airport. A copy of their licence had been sent to TCA just before Christmas. One of its terms was that the licence would be revocable at will by the Secretary of the Air Force. Another empowered the officer commanding at Kinross to limit the number of TCA's flights into and out of the airport. On both of these counts the licence was unacceptable to us. TCA's right to use the airport is covered by the Canada-United States Bilateral Agreement, and the same Agreement sets out the basis on which the frequency of flights is to be determined. While we would not object to the USAF licencing TCA to use Kinross after it became their field, we would have to insist that their licence be consistent with the terms of the Bilateral Agreement.

5. The United States officials readily admitted the validity of our objections on this point. The Air Force said that their only wish was to establish their right to limit civil aviation activity at Kinross in the event of an emergency; subject to that condition they were willing to re-draft the licence to meet our objections. We said that when we objected to the licence in its present form we were thinking only of operations by TCA under normal peacetime conditions.

6. Our second objection was to the USAF demand that TCA and Capital Airlines remove their buildings and facilities from their present location to another part of the field, and also that they remove a set of runway lights which had been installed at Canadian Government expense. We had two points to make in this connection:

(1) that United States carriers had not been put to any similar expense at Canadian airports, but at most places had been provided with what space they required at reasonable rentals in buildings provided by the Canadian Government;

(2) that something like $50,000 of Canadian Government funds had been spent on maintenance and operation of the airport during the past five years. This would result in a saving for the USAF of a considerable amount they would have otherwise had to spend in restoring the airport to serviceability.

Our position was simply that since the USAF were the party which required the buildings and facilities to be moved, the USAF should pay for the move and be responsible for re-establishing buildings and facilities on the new site. Otherwise, TCA would be put to considerable unnecessary expense.

7. The Chairman of the meeting said at once that he thought our views on this matter were most reasonable whereupon all present agreed with surprisingly little discussion. The United States Air Force said that they had no authority to make a definite commitment but that they would seek an appropriation at once to cover the move. This was as fair an offer as we could have wished for, and so after checking with the TCA representative in our group, we said that TCA would be quite ready to pay a reasonable rental for the buildings and the new facilities if they were to be provided by the USAF. (TCA could do this without increasing their expenses at Kinross because the USAF's charges for landing fees at the airport will be much less than those now in effect there).

8. By the end of the meeting I was satisfied that our problem at Kinross had occurred simply because lower formations of the USAF had applied, there, routine procedures for taking over civil airfields in the United States. When USAF headquarters realized that a foreign air carrier and an international agreement were involved, they were willing to consider special arrangements. However, I imagine that the stand we have taken on Torbay had a lot to do with the speed with which they moved to satisfy us.

9. After the meeting Colonel Ray spoke to me about Torbay. He said that the USAF have abandoned certain plans they had made for stationing operating squadrons there and he thought that their plans for a General Depot would be reduced. However, he was extremely anxious to move to Torbay as soon as possible the personnel of the Aircraft Control and Warning Unit which has been scheduled to go there. This unit is at present not being employed and has been waiting since December 1st last for its orders to move. The USAF would require for this unit most of the buildings they have asked for. I thanked Colonel Ray for the way that he and his officers had met us on the Kinross question and said that we would do all we could to hasten an answer on the question of facilities at Torbay.

10. Before this meeting took place the position on Torbay was that the Minister had written to Mr. Chevrier suggesting that in view of the representations we had made to the United States on the subject of Kinross, we might let the United States Embassy have the reply we had prepared to their request for facilities at Torbay. Our reply would agree to the immediate provision of the facilities most urgently needed. Mr. Chevrier is now away on two weeks' holidays, but before he left he told Baldwin that he would be agreeable to our releasing the reply provided that the meeting on Kinross was "satisfactory". Baldwin is himself away at present but he will be back on the morning of January 18th. I will try to see him then, with McDonald of the Air Transport Board and probably Phillips of Defence Liaison. I should think that he will be satisfied by what we have to tell him about the meeting.

11. On the day previous to the meeting in Washington McDonald and I saw Matthews and Towe at the Embassy to give them the story on Kinross as it stood then. Towe was present with us at the meeting the following day.[70]

J.A. IRWIN

[70] Une réponse canadienne favorable à la note N° 129 de l'ambassade des États-Unis du 3 décembre a été envoyée le 8 janvier 1952.
A positive Canadian reply to the United States Embassy's Note No. 129 of December 3 was sent on January 8, 1952.

SECTION G

COMMANDEMENT DU NORD-EST
NORTHEASTERN COMMAND

747. DEA/50221-40

Note du président du Comité des services mixtes de la côte est au président du Comité des chefs d'état-major

Memorandum from Chairman, Joint Services Committee, East Coast, to Chairman, Chiefs of Staff Committee

SECRET Halifax, February 22, 1951

BASIC PROVISIONS FOR CANADA-U.S. COLLABORATION ON DEFENCE IN THE NORTHEASTERN AREAS OF CANADA

At a meeting held on Tuesday and Wednesday, February 20th and 21st, 1951 between Major General Lyman P. Whitten, commanding United States North Eastern Command, Captain D.G. Donaho, United States Navy, commanding United States Naval Base, Argentia, Colonel M.A. Preston, Chief of Staff of General Whitten, the members of the Joint Services Committee East Coast and the members of the Joint Services Committee Newfoundland and attended by Commodore R.E.S. Bidwell, R.C.N. and Colonel C.H. Cook of National Defence Headquarters, it was agreed the planning should be commenced between the relevant Canadian authorities and the Commanding General North East Command for the defence of the north eastern areas of Canada.

In order to provide a basis for such planning, a paper was prepared and approved entitled "Basic Provisions for Canada-United States Collaboration of Defence in the North Eastern Areas of Canada". It is intended that this paper shall form the terms of reference for those officers detailed to produce the proposed plan. A copy of this paper is attached herewith for the approval of the Chiefs of Staffs' Committee. It is understood that General Whitten is also forwarding a copy to the Joint Chiefs of Staff in Washington.

It should be noted that Section III entitled "Defence Against Air Attack" is beyond the terms of reference of the Joint Services Committee East Coast to complete as no representatives of the Royal Canadian Air Force Air Defence Group were available for consultation. It is therefore requested that Royal Canadian Air Force Air Defence Group may be invited to complete this Section of the paper in collaboration with the United States North Eastern Command.

On completion of this paper it will be submitted to the Chiefs of Staffs' Committee for their consideration.

E.R. MAINGUY
Rear Admiral, RCN

[PIÈCE JOINTE/ENCLOSURE]

Annexe "B"
Appendix "B"

SECRET [Halifax], February 21, 1951

BASIC PROVISIONS FOR CANADA-U.S. COLLABORATION ON DEFENCE IN THE NORTHEASTERN AREAS OF CANADA

SECTION I

Purpose

1. To effect an apportionment of defence undertakings in the Northeastern areas of Canada between the U.S. and Canada in order that the two nations may conduct their defence planning and programming concerning these areas on a basis which ensures that all defence requirements receive consideration with a minimum of duplicative effort.

2. To define the responsibilities and prerogatives, vis-à-vis one another, of the commanders of the forces of the two countries operating in these areas to ensure the required co-ordination, prevent misunderstanding, and assure the greatest combined effectiveness.

3. To establish procedures for co-ordination of effort.

SECTION II

GENERAL

4. In this section are listed all provisions of general application to all defence undertakings. These provisions form a common basis for each of the subsequent sections of this document dealing with specialized defence fields.

5. Certain terms, susceptible to varying interpretation as to meaning and scope are defined as follows:

Area (General) Defence: non-localized defence; not pertaining to the defence of a point, a base, or an individual facility; pertaining, instead, to a large area in which there may be a number of bases or other facilities. Defence which is activated by the enemy's existence, or imminent existence, in an area regardless of the enemy's possible intent to attack a particular facility in that area.

Area (General) Defence Means, Area (General) Defence Forces: Means or Forces deployed for the purpose of defeating, destroying or dislodging an enemy from an area, or contesting his entrance, into, passage through or operations in the area, regardless of the enemy's specific objective. (Example: Interceptor Fighters).

Local Defence: Defence undertaken for the purpose of protecting an individual point, base, or other facility.

Local Defence Means or Forces: Means or forces deployed for the defence of a specific facility. (Example AAA)

Internal Security: Pertains to defence against internal uprising, sabotage, subversion or covert action; pertains to defence against action originating from within, or

to action which, if originating from without, takes a form not recognised under international law as action by military forces.

External Security, External Defence: Pertains to defence against all forms of armed action by military forces.

Air Defence: Pertains to all measures undertaken to minimize the effect of air attack, including combatant and non-combatant measures, pre-raid and post-raid measures, active and passive measures.

Northeast Approaches: That part of Canada which includes Newfoundland, Labrador and the Canadian Northwest Territories, but excludes the Canadian Maritimes and the St. Lawrence Valley.

6. Canada will assume sole responsibility for the Local Defence of facilities of purely Canadian concern.

7. The U.S. will assume sole responsibility for the Local Defence of facilities occupied by the U.S. under the terms of the Leased Bases Agreement (i.e. 99 year leased bases).

8. The U.S. will assume sole responsibility for the Local Defence of facilities (such a radar, communications, and weather facilities) operated by the U.S.

9. Canada will assume sole responsibility for the Local Defence of facilities operated by Canada.

10. Canada will assume primary responsibility for the external defence of facilities which are jointly occupied or operated (by Canada and U.S.), and the U.S. may, by agreement of local Commanders, make provisions, and augment the forces made available for the defence of those facilities.

11. The nation with sole responsibility in any defence task as enumerated above, will control the forces and the effort devoted thereto. In cases of facilities jointly operated, the control of the forces allocated to their defence will be exercised by Canada unless the control of such forces is vested in the United States by prior agreement.

12. Each nation, in planning, programming and implementing its defence undertakings will keep the other continuously informed.

SECTION III

DEFENCE AGAINST AIR ATTACK

13. The provisions of Section II apply to the field of defence treated herein (Defence against Air Attack) and to all other fields of defence. Those provisions contained in this section are especially applicable, or exclusively applicable to Defence against Air Attack.

14. The U.S. will assume the responsibility for the fighter defence of bases operated by the U.S. in the Northeast, either unilaterally or jointly with Canada. Incidental to this responsibility, the U.S. will conduct the Area Defence of the Newfoundland/Labrador area and the Northeast Approaches to the U.S. and Canada against attack by air except as provided in paragraph 17 below.

15. Canada may share responsibility for the Area Defence of the Newfoundland-Labrador area against air attack and may make provisions, and augment the forces made available by the U.S. for the air defence of this area.

16. The U.S. will establish and operate AC & W radar at Pepperrell, Harmon and Goose Bay (and at Frobisher Bay at U.S. discretion).

17. Canada and the U.S. will provide jointly for the establishment and operation of AC & W radar required elsewhere in Canada for the defence of the Northeast and the Northeast approaches to Canada and the U.S.

18. The over-all AC & W system in the Northeast will be operated under U.S. direction and control in accordance with commonly accepted doctrine and practices concerning AC & W.

19. Control and direction of the over-all Area Air Defence system (fighters and AC&W) will pass to Canada at such time as Canada desires to assume control and is prepared to provide the greater portion of the Area Air Defence means.

SECTION IV

DEFENCE AGAINST ARMED ATTACK DELIVERED ON THE GROUND

20. The provisions of Section II apply to the field of defence treated herein (Defence against Ground Attack) and to all other fields of defence. Those provisions contained in this section are especially applicable, or exclusively applicable to Defence against Ground Attack.

21. Canada will assume primary responsibility for area defence. The U.S. may, by agreement of local Commanders, augment the Canadian forces made available for this purpose.

22. The U.S. acting in the defence of its facilities, may proceed, as the situation requires, beyond the bounds of the U.S. areas. If, however, as a result of this action, a requirement arises for co-ordination of Canadian and U.S. military effort, Canada will have the prerogative of directing the co-ordinated action.

SECTION V

DEFENCE OF SHORE FACILITIES AGAINST ATTACK BY SEA-GOING VESSELS

23. The provisions of Section II apply to the field of defence treated herein (Defence against Sea-Going Vessels) and to all other fields of defence. Those provisions contained in this section are especially applicable, or exclusively applicable, to defence against Sea-Going Vessels.

24. Canada will have primary responsibility for area defence. The U.S. may, by agreement of local Commanders, make provisions and augment the Canadian forces made available for this purpose.

25. Canada will defend the harbour of St. John's, including the U.S. Docks therein, the facilities at Goose Bay and the approaches thereto, and other jointly operated facilities.

26. The U.S. will defend Argentia harbour and the approaches thereto and provide local defence at McAndrew, Harmon and Pepperrell.

SECTION VI

INTERNAL SECURITY

27. Each nation will be responsible for measures to insure against acts of sabotage and subversion on the part of personnel in the military service of that nation or employed by that nation.

28. At facilities jointly operated and divided into Canadian and U.S. sectors (as at Goose Bay) each nation will assume sole responsibility for internal security measures to be taken within their individual areas.

29. Canada will assume primary responsibility for internal security measures entailing action in Canada beyond the bounds of facilities operated by the U.S. or by Canada-U.S. jointly.

30. At facilities, jointly operated but not sub-divided internationally (as at certain weather and electronic facilities) Canada will assume primary responsibility for internal security.

31. The U.S., in dealing with internal security matters requiring action extending beyond the limits of U.S. operated facilities or affecting Canadian nationals not in the U.S. employ or pertaining to Canadian nationals in U.S. employ but entailing action beyond US authority, will co-ordinate their action with the RCMP. Contact with the RCMP for this purpose will be made through Canadian military authorities unless otherwise arranged with the concurrence of the latter.

32. Each nation will keep the other informed of all action, prospective action, conditions, investigations, suspected conditions or personnel which might affect the security of facilities of the other against sabotage or covert action.

748. DEA/50221-40

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, March 27, 1951

AIR COMMAND NEWFOUNDLAND AREA

At a meeting in A/V/M James' office on Thursday, March 22, with General Whitten the question of air command of the Newfoundland area was discussed. It will be recalled that the title, the United States Northeast Command, was agreed to some months ago by the Canadian Government on the understanding that the Command was administrative rather than operational. The situation, however, is changing radically in view of the speeding up of defence arrangements in the North Atlantic area. While the Newfoundland area is primarily a staging area between the United States and Europe, the area has become more of a target area and will require substantial defences, especially for various staging fields.

2. General Whitten now operates directly under the Joint Chiefs of Staff, that is, he has his own command, and his instructions require him to defend U.S. installations under his command. His chain of command for this purpose is directly back to Washington.

3. The area constitutes the outer defences of Central Canada as well as of the Northeastern United States. For the air defence of Canada it is essential that the command should be direct through Eastern Air Command (Montreal) rather than through New York or Washington and back to Montreal.

4. It was pointed out in the discussion that while NAORPG had become the North Atlantic Command, and the European Planning Groups have now become SCAPE, no such change has taken place with respect to CUSRPG. It was suggested that even if no command structure of the whole Canada-U.S. region were feasible, a Northeast Air Command might be separately established by agreement between Canada and the United States Air Commander for defence of the Newfoundland area, this authority, in so far as relations with Canadian personnel or civilians is concerned, to be exercised by a Canadian officer on his staff. It was also suggested that a fighter squadron or squadrons of the RCAF might be put under his command, especially if Torbay were developed as proposed (see note on Torbay of March 22).[71]

5. This proposal, although still in rather a shadowy form, strikes me as sensible. Clearly, we cannot afford to duplicate forces in the Newfoundland area; on the other hand, we cannot afford to leave responsibility for the defence of the area to the United States by default.

6. It is probable that the question of command will be raised at the next meeting of the Permanent Joint Board on Defence.[72]

R.A. M[ACKAY]

749. DEA/50221-40

Note du chef de la 1ère Direction de liaison avec la Défense

Memorandum by Head, Defence Liaison (1) Division

SECRET Ottawa, April 17, 1951

BASIC PROVISIONS FOR CANADA-U.S. ELABORATION ON DEFENCE IN THE NORTHEAST AREA OF CANADA (PAPER BY JOINT SERVICES COMMITTEE, HALIFAX MEETING FEB. 26

Section III — "Defence against air attack" raises serious difficulties.

Paragraph 14 notes that "Incidental to this responsibility, the U.S. will conduct the Area Defence of the Newfoundland-Labrador area and the Northeast Approaches to

[71] Voir le document 714./See Document 714.
[72] Note marginale :/Marginal note:
Mr MacKay thanks — this will need watching A.D.P.H[eeney]

the U.S. and Canada against attack by air except as provided in paragraph 17 below." (i.e., joint Canada-U.S. radar defence arrangements).

Paragraph 15 provides that "Canada may share responsibility for the Area Defence of the Newfoundland-Labrador area against air attack and may make provisions, and augment the forces made available by the U.S. for the air defence of this area."

Paragraph 19 provides that "Control and direction of the over-all Area Air Defence system (fighters and AC&W) will pass to Canada at such time as Canada desires to assume control and is prepared to provide the greater portion of the Area Air Defence means."

Comment: These provisions would appear to give the U.S. responsibility for area air defence as if it were in effect a part of the U.S. except that control may be passed to Canada if and when Canada is prepared to accept the responsibility and can provide the major share of defence forces. This is clearly contrary to the principle that Canada insisted on during the past war, namely, that responsibility for defence of Canadian territory was vested in Canada.

As I understand it, the RCAF view is as follows: The establishment of U.S. bases in the Newfoundland-Labrador area makes it a target area of considerable importance, thereby enhancing the problem of defence; the RCAF does not anticipate having sufficient fighter defence forces to assume the whole burden for defence of the area; the RCAF proposal is that a Northeast Air Defence Command be established jointly by Canada and the U.S. under CUSRPG, and that this command be exercised by the local U.S. Air Commander; that Canada provide certain squadrons to operate under his command; that, for purposes of air defence, the Northeast Air Commander report to Canadian Air Command at Montreal; e.g., that the Northeast Air Defence Command should be for operational purposes a part of the air defence of Canada.

R.A. M[ACKAY]

750. DEA/50221-40

Note de la 2ième Direction de liaison avec la Défense pour le chef de la 1ère Direction de liaison avec la Défense[73]

Memorandum from Defence Liaison (2) Division to Head, Defence Liaison (1) Division[73]

TOP SECRET [Ottawa] August 28, 1951

At the meeting of the JPC today, the attached papers on the appointment of a Deputy Commander in Chief, North East Command, in Newfoundland, were discussed. The Air Force representative, Group Captain Hodson, said that the U.S. Commander in Chief is willing to accept a Canadian Deputy who would have direct access to the Canadian Chiefs of Staff. It is apparently intended that this

[73] Note marginale :/Marginal note:
This seems to me a serious situation. Should we do a memo[randum] for the Minister drawing this to his attention on his return? R.A.M[acKay]
Yes this amounts to our bowing [out] of the air defence of Nfld completely C.S.A.R[itchie]

officer would command any Canadian Air Force and Air Defence units in Newfoundland. The U.S. Commander in Chief apparently feels that this arrangement would provide the best link between his Command and the Canadian Services, a matter which has given him trouble in the past.

I pointed out that the proposal obviously would not go far to meet the requirement set out in paragraph 4 of the letter of the Chief of the Air Staff that "the Air Defence of any Canadian territory must remain a Canadian responsibility". I suggested that, as the American installations have now made Newfoundland an area which must be provided with air defence, the R.C.A.F. might reconsider the proposed deployment of squadrons so that more squadrons would be sent to Newfoundland. That seemed the only effective way of ensuring that we really provide for the air defence of our territory.

Brigadier Gibson, Chairman JPC, pointed out that, although it was desirable for us to assume the air defence of all parts of the country, he did not think that it would be possible to find any more squadrons for despatch to Newfoundland.[74] Moreover, he felt that the installations in Newfoundland, although on Canadian soil, belong to the U.S. Air Force and, therefore, are of lower priority than Canadian industrial targets in cities. I suggested that perhaps the defence of targets within Canada might have a higher priority than commitments overseas but no member of the Committee took this up. Group Captain Hodson said that the Air Force could not see the possibility of finding any other squadrons for employment in Newfoundland and, therefore, had put forward this plan as the best possible arrangement. The general feeling of the Committee was that the proposal for a Deputy Commander was the best arrangement that had been made so far in these difficult circumstances. The JPS was, accordingly, charged with preparing draft terms of reference for this Deputy Commander.[75]

T.L. CARTER

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire du Comité de la planification mixte

Memorandum by Secretary, Joint Planning Committee

TOP SECRET Ottawa, August 23, 1951

APPOINTMENT OF A DEPUTY COMMANDER IN CHIEF
NORTH EAST COMMAND, ST. JOHN'S, NEWFOUNDLAND

1. Attached herewith is a copy of a memorandum from the Chief of the Air Staff recommending the appointment of an RCAF officer as Deputy Commander in Chief, North East Command. The Secretary, Chiefs of Staff, has requested that the

[74] Note marginale :Marginal note:
Not at all likely [A.D.P. Heeney]

[75] Note marginale :/Marginal note:
Mr MacKay this is a very tricky one The US have their bases & almost all the forces — but I don't see how the Canadian can be *Deputy* to US Commander N[orth] E[ast] C[ommand] [A.D.P. Heeney]

Joint Planning Committee study this proposal and present their views and recommendations for the consideration of the Chiefs of Staff at an early date.

2. In the opinion of the Secretary, Chiefs of Staff, the important points are the channels of communication and command, i.e., from whom would the Deputy Commander in Chief, North East Command, get his orders — the Air Defence Commander, or Air Force Headquarters, and what would be his relationship with the Flag Officer, Atlantic Coast, and the GOC, Eastern Command.

3. This subject will be discussed at the next meeting of the Joint Planning Committee, to be held 28 August, 1951.

K.C. COOPER
Commander, RCN

[ANNEXE/ATTACHMENT]

Note du chef d'état-major de l'air pour le secrétaire du Comité des chefs d'état-major

Memorandum from Chief of Air Staff to Secretary, Chiefs of Staff Committee

TOP SECRET Ottawa, August 8, 1951

APPOINTMENT OF A DEPUTY COMMANDER IN CHIEF, NORTH EAST COMMAND, ST. JOHN'S, NEWFOUNDLAND

1. It is in the interests of the Canadian government that approval be sought for the appointment of a Senior Canadian officer to the position of Deputy C-in-C, North East Command, Newfoundland. Such an appointment would ensure that the activities of that Command in Canada are in accordance with Canadian governmental policies and responsibilities. It would also ensure a closer tie-in between US and Canadian forces for purposes of planning for the defence of that portion of Canada in which US leased bases are located.

2. In 1950, the US Joint Chiefs of Staff sought and obtained approval from the Canadian government for the establishment of North East Command in Newfoundland as a unified Command to provide for the control of US forces located in Newfoundland, Labrador and Greenland.[76] It was agreed that the missions assigned to North East Command were to be in consonance with the following two principles:

(a) Maintenance of the security of the US forces concerned.

(b) Planning in concert with the Canadian forces for the defence of such parts of North America and the sea and air approaches thereto as may be agreed upon from time to time by the Governments of US and Canada.

3. North East Air Command is the US Air Force component of North East Command. Inasmuch as the responsibilities of the latter Command are predominately air, a US North East Army Command has not been formed nor is it likely that one will be formed until mobilization occurs. Consequently the Commanding General

[76] Voir/See Volume 16, Document 846.

North East Air Command is at present also Commanding General North East Command. The appointment of C.G. NEAC is established for a General of 2-star rank.

4. While intended primarily to support SAC and MATS operations, North East Air Command will also have an air defence capability and may have US fighter forces assigned to its control. Notwithstanding the fact that these fighter forces will be primarily for defence of US bases and installations in North East Command, they will of course offer some protection for the Newfoundland area. The air defence of any Canadian territory must remain a Canadian responsibility and a suitable arrangement pertaining to the control of Air Defence forces of NEAC USAF and those of the RCAF is therefore required. This has been worked out and agreed to on the planning level between representatives of AFHQ and C-in-C North East Command. A copy of the proposed agreement is attached as an Appendix.

5. This agreement should provide satisfactory working arrangements for the control and employment of US Air Defence forces in the Newfoundland area as between North East Air Command, USAF and the RCAF's Air Defence Command. There will be many other problems facing both Canada and the US with respect to the command of forces in the Newfoundland area and it is important that these problems be solved now so that the peacetime organization for that area is such that in an emergency Canadian, as well as US interests, are protected. Accordingly there is a distinct need for the early appointment of a senior Canadian officer to be Deputy C-in-C, North East Command, Newfoundland, and since the majority of the problems will be related to air matters, I consider that the appointee should be an RCAF officer. Such an appointment, in addition to protecting Canadian interests at all times, will facilitate the planning required of US and Canadian forces for the defence of the Canadian area encompassed by North East Command.

6. RCAF maritime forces on the East Coast, assigned for the defence of the Canadian Atlantic Sub-Area, will come under the direct operational control of SACLANT when that headquarters is established. For that reason the command arrangements for the Newfoundland area will not include jurisdiction over the RCAF's maritime forces. Suitable arrangements have been worked out to permit these forces to operate under the control of SACLANT.

W.A. CURTIS
Air Marshal

[APPENDICE/APPENDIX]

SECRET

August 1, 1951

AN AGREEMENT ON THE CONTROL ARRANGEMENTS PERTAINING TO THE AIR DEFENCE FORCES OF US NORTHEAST COMMAND AND THOSE OF THE RCAF

1. Although the air defence forces allocated to US Northeast Command are primarily for the protection of US bases and installations in Newfoundland, nevertheless the modern concept of Air Defence as an area proposition makes impracticable any distinction between defending installations and defending areas. Therefore, the same air defence forces that provide protection for the US installations in New-

foundland also provide protection for the Newfoundland areas. Again, a consideration of the radar coverage afforded by the proposed Canada-US extended radar program reveals that the Early Warning System provided for the US installations in Newfoundland, and hence for the area, merges with that of the St. Lawrence Valley. The strategic position of the Newfoundland chain across the probable route of enemy attacks is designed to offer early warning to the industrial areas of Eastern Canada and the US as well as for the US installations in Newfoundland. Therefore, the Air Defence Forces of US Northeast Command are an important and special part of the integrated defence of Canada and the US.

Sovereignty

2. The agreed Canada-US concept of air defence is to afford protection only for those areas which contain critical concentrations of our war-making capacity. The desire of the US to use bases in Newfoundland for such purposes as strategic air operations adds a further area of war-making capacity in Canada, and thus imposes the requirement for providing for the defence of this area. Canada, however, is not now capable of producing within her own resources the necessary forces, and hence this requirement can be met only if the US will accept the task. Arrangements, therefore, are necessary to permit US control of air defence forces employed in the area but should leave the over-all responsibility vested in the Canadian Air Defence Commander.

3. The urgent necessity for the protection of US installations in Newfoundland makes it essential that the US forces deployed for that purpose not be withdrawn for defence elsewhere without the prior approval of the Commander in Chief, US Northeast Command.

Air Defence Control Arrangements

4. The US air defence forces in the Newfoundland area will comprise an air defence division of the US Northeast Command.

5. This air defence division will be commanded by a US officer with an RCAF officer as deputy. Canadian air defence forces (includes AAA) in the Newfoundland area will be attached to the division for purposes of operational control.

6. The Air Defence Commander of Canada will exercise control over the US Northeast Command Air Defence Division to the extent that the deployment of air defence forces to Newfoundland and the operational practices and procedures of those forces will be subject to mutual agreement on a continued and flexible basis between the Canadian Air Defence Command and the Air Defence Division Commander of the US Northeast Command.

7. The redeployment of air defence forces within the Newfoundland air defence system will be made at the discretion of the Division Commander; the redeployment of Canadian forces, however, will be subject to mutual agreement between the Division Commander and the Air Defence Commander of Canada.

8. Aircraft control and warning information will pass directly, on a reciprocal basis, between the appropriate control centres of the Air Defence Division of the US Northeast Command and the Canadian Air Defence Command.

9. Canadian personnel will be provided for appropriate positions within the US Northeast Command air Defence Division to afford staff representation for Canadian forces in the Newfoundland air defence system and to initiate direction to the Canadian Civil Defence authorities.

10. These arrangements will be subject to review at the request of either country.

751. DEA/50221-40

Note du secrétaire adjoint du Cabinet pour le secrétaire du Cabinet

Memorandum from Assistant Secretary to Cabinet to Secretary to Cabinet

[Ottawa], October 29, 1951

APPOINTMENT OF R.C.A.F. OFFICER AS DEPUTY C-IN-C, U.S. NORTHEAST COMMAND

The attached JPC paper of October 22nd on this matter is to be discussed by the Chiefs of Staff Committee.

I should think there is some danger — unless care is taken — that the proposed arrangements will lead to a situation in which NDHQ will make deals with the U.S. C-in-C (through the Canadian Deputy C-in-C) about which the government will not be consulted in advance. In this connection see paragraphs 1(c) and 4(a). It might therefore be desirable for it to be emphasized to the Canadian officer selected that his work in the Command is to be without prejudice to the present procedure (embodied in an approved PJBD recommendation) whereby any U.S. requirements for installations, etc., in Canada are put forward by the State Department on behalf of the U.S. government for consideration by the Canadian government. If the appointment is made, it might be worthwhile to have the Canadian officer present at the beginning of a Chiefs of Staff Committee meeting for briefing on this point by you and Mr. Heeney.

As I remember it, this U.S. C-in-C is, like other officers commanding U.S. Unified Commands, directly responsible to the U.S. Joint Chiefs of Staff. I suppose that, if the U.S. Joint Chiefs are prepared to show flexibility and tact in the matter, this fact need not mean that the Canadian Deputy would be treated as merely part of an organization working for, and reporting to, the U.S. Joint Chiefs. As, however, paragraph 4(e) of the attached paper speaks of him as, in part at least, a staff officer on the establishment of the Command performing functions assigned to him by the U.S. C-in-C, I should think that it would have to be fully agreed in advance with the Pentagon that the Canadian's "ambassadorial", advisory and liaison functions would not suffer as a result of his being technically in the position of a servant of the C-in-C and of the U.S. Joint Chiefs.

C.C. E[BERTS]

[PIÈCE JOINTE/ENCLOSURE]

Rapport du Comité de la planification mixte au Comité des chefs d'état-major

Report by Joint Planning Committee to Chiefs of Staff Committee

CONFIDENTIAL [Ottawa], October 22, 1951

APPOINTMENT OF A SENIOR RCAF OFFICER TO US NORTH EAST COMMAND

Proposal

1. The Chief of the Air Staff has recommended the appointment of a senior Air Force Officer as a Deputy C-in-C, US Northeast Command in order that he may:

(a) Assist in ensuring that the activities in Canada of the US Northeast Command are in accordance with Canadian Government policy;

(b) Assist in co-ordinating the plans of the C-in-C, Northeast Command for the defence of the leased bases with Canadian plans for the defence of Canada;

(c) Assist in the solution of problems concerning the command of forces in Newfoundland and the protection of Canadian interests.

2. The Chief of the Air Staff recommends that the proposed Deputy C-in-C be a senior Air Force Officer because the majority of problems with which he will have to deal will be concerned with air matters.

3. To be effective this officer should be given the position of a Deputy C-in-C on the Northeast Command Establishment, although he would not, of course, assume command in the absence of the C-in-C. In addition he will need to have direct access to the Canadian Chiefs of Staff Committee, which he should only use after due clearance, when appropriate, with the Canadian Field Commanders concerned.

4. Specific terms of reference are suggested as follows:

(a) To forecast requirements of Northeast Command to the Canadian Chiefs of Staff Committee for advance information.

(b) To keep the C-in-C, Northeast Command, informed of Canadian Government and Service policies that affect Northeast Command.

(c) To be the principal staff officer of the C-in-C Northeast Command on all matters affecting that Command in which Canadian interests are involved.

(d) To represent the C-in-C Northeast Command in relations with the Canadian civil defence organization.

(e) As a staff officer on the establishment of Northeast Command to perform such other functions as are assigned to him by the C-in-C.

Recommendations

5. It is recommended that the Chiefs of Staff approve the above proposal and direct the RCAF to submit it for consideration of the Permanent Joint Board on Defence.

752. DEA/50221-40

Note de la 1ère Direction de liaison avec la Défense

Memorandum by Defence Liaison (1) Division

SECRET [Ottawa], December 5, 1951

ARRANGEMENTS FOR THE DEFENCE OF NEWFOUNDLAND

At the Joint Planning Committee on December 4, we discussed document CSC 1171-1(JPC)† of December 1 which enclosed a letter of the same date from Brigadier Gibson. That letter reported on a recent conversation between General Whitten and the GOC Eastern Command.

2. The first point in the letter is that General Whitten's superiors have now approved, as a basis for planning, the document drafted in February 1951 by General Whitten and the Joint Services Committee (East Coast) entitled "Basic Provisions for Canada-U.S. Collaboration on Defence in the Northeastern Areas of Canada". General Whitten wished to know whether the GOC was authorized to use this document as a basis for planning. (The document is flagged on 50221A-40). The fact is that this document has been buried in the Chiefs of Staff since it was received last spring.

3. Brigadier Gibson's letter mentions other questions raised by General Whitten. These questions can hardly be answered without discussing the broad questions of (a) the contribution to be made by Canada to the defence of Newfoundland and (b) the command relationship between the U.S. and Canada in Newfoundland.

4. It will be recalled that an effort was made recently to make progress in the matter of command relationship. A paper was drafted recommending that the RCAF should have a high officer on the staff of the U.S. Northeast Command. This was discussed by the Chiefs of Staff on November 1 and was put over for further study by the RCAF.

5. The Joint Planning Committee was, of course, unable to reach any conclusions as to what should be done. It was decided, however, that the JPC should instruct the Joint Planning Staff to study the "basic provisions" paper of February 1951 and prepare a list of problems (with commentary) which need to be settled before that paper can be revised.

6. I am not sure what we can do about this whole subject in External Affairs. I do think, however, that the Canadian Government cannot continue to drift in relation to it. If Canada is not going to do anything about defending Newfoundland, it will become increasingly difficult to resist requests for permission to the U.S. to do more in peacetime to prepare for the defence of Newfoundland.

7. In this connection, it should be kept in mind, that in the event of war, the U.S. can probably do most of what it wants without permission, under Article 2 of the Leased Bases Agreement.

8. So far as I know, there has not been, at least in 1951, a thorough discussion of this whole subject in Chiefs of Staff. Should this Department perhaps take some initiative in promoting such a discussion?[77]

M.H. WERSHOF

SECTION H

VOLS DE CHASSEURS INTERCEPTEURS ET RENFORCEMENT MUTUEL
INTERCEPTOR FLIGHTS AND MUTUAL REINFORCEMENT

753. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Secretary of State for External Affairs to Cabinet Defence Committee

CABINET DOCUMENT NO. D-285 Ottawa, May 25, 1951

SECRET

UNITED STATES AIR OPERATION OVER CANADIAN TERRITORY — INTERCEPTION OF UNIDENTIFIED AIRCRAFT

At its meeting on December 1, 1950, Cabinet Defence Committee considered a request from the U.S. Section of the Permanent Joint Board on Defence to allow U.S. Services to fly over Canadian territory as might be required in order to carry out effective interceptions of unidentified aircraft crossing the border from Canada into the United States. Cabinet Defence Committee agreed to recommend to Cabinet approval of the U.S. request subject to certain restrictive clauses already accepted by the U.S.A.F. and R.C.A.F. and subject to the extension of reciprocal concessions to Canada by the United States.

At its meeting in Kingston on May 8, the Permanent Joint Board on Defence passed a Recommendation (51/4) on Interceptor Flights. This Recommendation provides for reciprocal privileges and contains the conditions noted by Cabinet Defence Committee on December 1. Some other changes have been incorporated in the Recommendation.

(1) Operations are no longer restricted to the area between 87° West (i.e. Lake Superior) and the Atlantic Coast.

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[77] Note marginale :/Marginal note:
R.A.M[acKay] thinks not at the moment. He would however like Mr Phillips to prepare a memo[randum] on what happened in Newfoundland in last war. What forces did Canada put in, what command relationships, etc. M.W[ershof]

(2) The term "four engine aircraft" has been changed to "multi-engine aircraft" (meaning two or more engines) since it is believed that under certain conditions, twin engine aircraft might now reach the Canada-U.S. border from the U.S.S.R.

(3) The clause "investigating aircraft would not approach closer than 1,000 feet to any single engine or twin engine aircraft" has been changed to "investigating aircraft would not approach closer, in accordance with civil aeronautics authority and Department of Transport standards, than is necessary to establish identification".

It will be noted that the general principles and limitations of the agreement will be translated into operational instructions by a Canadian-U.S. team. The arrangements will remain in force until modified by agreement or terminated by either Government.

The Department of Transport has agreed to the Recommendation of the PJBD as it now stands. The Department of Transport expressed its anxiety that every precaution should be taken to avoid an attack on a Canadian plane which might inadvertently cross the U.S. border. In framing the operational instructions, the Canadian-U.S. team is to bear in mind the importance of this point.

It is recommended that Cabinet Defence Committee approve Recommendation 51/4 of the Permanent Joint Board on Defence.[78]

A.D.P. HEENEY
for Secretary of State
for External Affairs

754. 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

CABINET DOCUMENT NO. D-310 [Ottawa], November 5, 1951

TOP SECRET

CANADA-UNITED STATES AIR DEFENCE
MUTUAL RE-INFORCEMENT

1. The air defence systems of Canada and the United States are being developed and co-ordinated to provide for the mutual protection of those Canada-U.S. vital areas which are contiguous. To this end, joint Canada-U.S. action has been taken to extend the radar system and to establish common operational and communication procedures. Agreement has been reached on the principles that any force located in Canada will operate under a Commander designated by Canada, and that the forces of either country serving in the territory of the other will be under the immediate

[78] Approuvé par le Comité du Cabinet sur la défense, le 29 mai 1951 et par le Cabinet, le 30 mai 1951./Approved by Cabinet Defence Committee, May 29, 1951 and by Cabinet, May 30, 1951.

command of a Commander designated by the country furnishing the force. The Air Defence Commanders of Canada and the United States have been given the authority to carry out, on local notification, combined air defence training exercises.

2. The above joint actions provide the means for the employment of the air defence forces of either country, if need be, in the other country. However, under present arrangements, the basing of USAF air defence forces in Canada and RCAF air defence forces in the United States, except for combined air defence training exercises, must be negotiated through State Department-External Affairs channels.

3. After the outbreak of war against a common enemy, circumstances may occur which will require rapid reinforcement of the air defence forces of one country by the other. Such re-inforcement would be normally of short duration and would be initiated as a result of tactical considerations of the air battle. The rapidity with which squadrons can be re-deployed to meet the tactical situation may determine the degree of effectiveness of the air defence system. It is considered that in the event of war in which the United States and Canada are allied, the Canadian Air Defence Commander should be empowered to authorize the re-deployment of USAF Air Defence Forces to Canadian bases and the re-deployment of Canadian Air Defence Forces to United States bases when required to meet the tactical situation, when such re-deployment has been mutually agreed by the Air Defence Commanders of Canada and the United States. Similar delegation of authority to the Air Defence Commander will be required on the part of the United States.

4. It is recommended that the Cabinet Defence Committee:

(a) Approve the adoption of the principle of mutual re-inforcement of the Air Defence forces of Canada and the United States for planning purposes.

(b) Authorize the Canadian Section to place this matter before the Permanent Joint Board on Defence.[79]

[BROOKE CLAXTON]

[79] Approuvé par le Comité du Cabinet sur la défense, le 8 novembre 1951./Approved by Cabinet Defence Committee, November 8, 1951.

755. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Acting Secretary of State for External Affairs to Cabinet Defence Committee

CABINET DOCUMENT NO. D-317 Ottawa, December 3, 1951

TOP SECRET

CANADA-UNITED STATES AIR DEFENCE:
MUTUAL REINFORCEMENT

At the meeting of Cabinet Defence Committee on November 8th, 1951, the Minister of National Defence pointed out that the Air Defence systems of Canada and the United States were being developed and co-ordinated to provide for mutual protection of vital contiguous areas of the two countries and that, in the event of war, circumstances might require rapid reinforcement of the Air Defence forces of one country by the other.

2. The Committee agreed to the adoption for planning purposes of the principle of mutual reinforcement by the Air Defence forces of Canada and the United States. It was further agreed that, at the November meeting of the Permanent Joint Board on Defence, the Canadian members propose that the Board recommend to the two Governments that the Air Defence Commander of each country be empowered to authorize, in the event of war, the re-deployment of Air Defence forces of the other country to bases in his country, and of similar forces in his country to the other country, when necessary to meet the tactical situation and when agreeable to both Commanders.

3. At its meeting on November 12th, Cabinet approved the decision of Cabinet Defence Committee on this subject.

4. At its November meeting the PJBD agreed on a Recommendation which had been drafted by the Canadian Section in the light of the decision of Cabinet Defence Committee. This Recommendation is attached and it is recommended that it be approved by Cabinet Defence Committee.

BROOKE CLAXTON

[PIÈCE JOINTE/ENCLOSURE]

Annexe

Attachment

RECOMMENDATION ON CANADA-U.S. AIR DEFENCE:
MUTUAL REINFORCEMENT

Permanent Joint Board on Defence, November, 1951.

The Board therefore recommended:

That when the Air Defense Commanders of the United States and Canada agree that mutual reinforcement of their Air Defense Forces is necessary in the light of the tactical situation:

(a) The Canadian Air Defense Commander should have the power, in the event of war, to authorize the redeployment of U.S.A.F. Air Defense Forces to Canada and the redeployment of R.C.A.F. Air Defense Forces to the United States;

(b) The U.S. Air Defense Commander should have the power, in the event of war, to authorize the redeployment of R.C.A.F. Air Defense Forces to the United States and the redeployment of U.S.A.F. Air Defense Forces to Canada.[80]

SECTION I

ACCORD CANADO-AMÉRICAIN DE DÉFENSE CIVILE
CANADA-UNITED STATES CIVIL DEFENCE AGREEMENT

756. DEA/50217-B-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

Ottawa, February 19, 1951

Dear Mr. Heeney,

The Canadian Ambassador in Washington indicates in his despatch WA-490 of 7th February, 1951,† that the United States Civil Defence Administration has received requests from individual States and from groups of States for authority to open negotiations with various Canadian provinces with a view to forming compacts for mutual protection in the field of civil defence. I feel that the time is now opportune for the setting up of a joint United States-Canadian working group on civil defence to make joint recommendations to the respective governments. My Minister does not feel that a joint Civil Defence Board as at one time suggested would be appropriate.

As one of the major problems for discussion by such a group will, undoubtedly, be the working out of arrangements whereby civil defence personnel and supplies for mutual aid may cross the international boundary freely in the event of a disaster, it is suggested that the Canadian section include representatives of the Department of National Defence (Office of the Civil Defence Co-ordinator), Department of External Affairs, Department of National Revenue (Customs), Department of Citizenship and Immigration and the Justice Department (R.C.M.P.).

[80] Approuvé par le Comité du Cabinet sur la défense, le 12 décembre 1951./Approved by Cabinet Defence Committee, December 12, 1951.

I would suggest a meeting of the joint United States-Canadian working group as soon as possible, preferably in Ottawa. Could you ascertain whether or not such an arrangement would be suitable to the United States?

Any conclusions reached by such a joint meeting could, subject to approval of the respective governments, be embodied in an agreement effected by an exchange of notes.

I feel that the time is also opportune to discuss the exchange, between United States and Canadian governments, of civil defence personnel on a working level. You will recall that this matter was discussed at the first United States-Canadian civil defence meeting held in Washington on 21st November, 1950.

Yours sincerely,
C.M. DRURY

757. PCO/Vol. 152

Note du secrétaire adjoint du Cabinet pour le secrétaire du Cabinet

Memorandum from Assistant Secretary to Cabinet to Secretary to Cabinet

CONFIDENTIAL. URGENT. [Ottawa], February 20, 1951

CANADA-U.S. COLLABORATION IN CIVIL DEFENCE

You will have noticed that, although I gave it to him, Mr. Claxton did not raise at Defence Committee today the attached letter of February 19th from Mr. Drury to Mr. Heeney suggesting that, as a follow-up to the conference in Washington in November, the State Department be informed that Canada was:

(a) agreeable to the establishment of a Canada-U.S. working group on civil defence to recommend to the governments solutions for "mutual support" problems (as discussed by the conference);

(b) prepared to discuss the exchange of civil defence personnel at the working level (the conference had recommended the exchange of one liaison officer).

Mr. Glazebrook told me at lunchtime today that, while External had been waiting since December 6th for National Defence to produce its views on the recommendations of the November Conference — so that a decision could be reached for communication to the State Department — he had just discovered that Mr. Claxton had issued an invitation to Washington to take part in a joint meeting here at 11:00 a.m. tomorrow.

The details are, apparently, that Mr. Claxton indicated direct to Washington a readiness to form a joint working group; suggested a meeting here tomorrow at which he will preside; and has sent a plane to Washington to pick up three U.S. civil defence officials, one State Department official and representatives of other U.S. departments.

Presumably he feels it important to have some further joint discussions in this way in advance of the Federal-Provincial meeting on Friday. At the same time, this direct approach to Washington, together with the prospect of an immediate decision that our Civil Defence agency be transferred to National Health and Welfare, makes it very difficult for External to judge what it should do about the State Department's request that the Canadian Government agree, in an exchange of notes, to the recommended joint working group and the exchange of a liaison officer as a preliminary to meetings of the working group and to an early conference of representatives of the Federal and local governments of both countries to hear the views of Provincial and State authorities on questions of cooperation.

Mr. Glazebrook has been trying to see Mr. Heeney to discuss this question. You may wish to raise it with Mr. Claxton or have it raised in Cabinet when the item "Civil Defence" comes up.[81]

C.C. E[BERTS]

758. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], February 21 & 22, 1951

. . .

CIVIL DEFENCE; RESPONSIBILITY AND FINANCING

36. *The Minister of National Defence* reported that a joint meeting of Canadian and U.S. officials on co-operation in civil defence was in progress in Ottawa. The main localities where need for co-operation might arise were Seattle and Vancouver, Sault Ste. Marie, Buffalo and Niagara Falls, and Detroit and Windsor.

An agreement had been drafted in advance, submitted to the meeting and approved with some changes. The principal one had been the addition of a paragraph establishing a joint Canadian-United States Civil Defence Committee, consisting of the federal civil defence authorities and such other members as they might designate and having the power to establish any necessary working groups and sub-committees. This committee would have the function of making recommendations to the two governments on action desirable to ensure close co-operation.

The draft agreement further provided that civil defence activities between the two countries be co-ordinated as far as possible for protection from the results of enemy attacks as if there were no border. Except as regards matters of broad government policy, the normal channel of communication between the two countries on civil defence would be the federal civil defence authorities. This would not preclude use of other channels as necessary, provided these authorities were kept

[81] Note marginale :/Marginal note:
Noted N.A.R[obertson]

informed. The respective civil defence authorities would keep one another informed of developments in a wide range of matters in their field and exchange personnel for liaison and training. So that all civil defence facilities and services might be used to the fullest extent in civil defence preparations, exercises and action, appropriate steps would be taken by federal and other authorities to ensure that there were adequate arrangements governing customs, immigration and the integration of services. State and provincial civil defence authorities in adjacent jurisdictions would be authorized to discuss mutual co-operation, and would be empowered to authorize co-operation between border municipalities in accordance with policies of the federal authorities. The cost of civil defence assistance furnished by one country in connection with an attack on the other would be reimbursed by the latter.

The draft agreement was circulated.

(Agreement: Canada-United States Arrangements for Co-operation on Civil Defence)†

37. *Mr. Claxton* said that U.S. officials concerned would have to submit the revised agreement to their government but were satisfied that it would be approved. He recommend approval so that the Department of External Affairs might arrange for signature.

In Canada, progress had been made on the federal civil defence organization and most of the provinces now had organizations, as had the principal cities that might be attacked. The federal government had issued a useful booklet, had held one training course and was holding a second.

It had never been intended that federal civil defence responsibilities should remain indefinitely with the Department of National Defence. On the suggestion of the Prime Minister, a committee of officials had looked into the question and had recommended to Cabinet Defence Committee a transfer to the Department of National Health and Welfare. That department had excellent relations with the provinces and municipalities and this was a most important aspect. On February 20th, Cabinet Defence Committee had agreed to recommend that federal civil defence responsibilities be transferred to the Department of National Health and Welfare and that such transfer be announced at the Dominion-Provincial Civil Defence Conference on February 23rd. The change might take place on the evening of February 23rd — at the end of the Conference.

If there were agreement on these proposals, his department would transfer its civil defence staff and the necessary funds to the Department of National Health and Welfare.

38. *The Minister of National Health and Welfare* wondered if civil defence responsibilities did not involve large tasks beyond the resources of his department. He pointed out that the government had not yet decided how much it should contribute to civil defence and considered that there should be a decision on this question prior to the proposed transfer.

39. *Mr. Claxton* suggested that it was generally agreed that the federal contributions should be as small as possible. The provinces would want guidance on this question at the Conference. He suggested that the federal government offer to

assume responsibility for research and development (e.g. radiation detection and selection of a siren); operation of a central civil defence school, as at present; operation of schools for instructors on radiation; training aids and manuals, as at present; special equipment having no purpose other than that of civil defence (e.g. radiation detection instruments, respirators for civil defence workers and sirens for communities of over 20,000); and one-third of the cost of standardizing hose-couplings in communities of over 20,000; and stockpiling of medical supplies and blood.

40. *The Minister of Finance* thought this list satisfactory.

41. *The Cabinet*, after further discussion, noted the report of the Minister of National Defence on civil defence questions and:

(a) approved the draft agreement on co-operation with the United States in civil defence matters, as revised at the meeting of Canada and United States officials, and agreed that the Department of External Affairs be authorized to arrange for its signature;[82]

(b) approved the Minister's proposals as to the forms of contribution to civil defence that the federal government should make and his suggestion that these be made known to the provincial authorities on February 23rd; and

(c) approved the recommendation of Cabinet Defence Committee that federal civil defence responsibilities be transferred from the Department of National Defence to the Department of National Health and Welfare and that this transfer be announced at the outset of the Dominion-Provincial Civil Defence Conference on February 23rd; an Order in Council to be passed accordingly on that date.

(Order in Council P.C. 985, Feb. 23, 1951)†

...

[82] Voir Canada, *Recueil des traités*, 1951, N°. 3/See Canada, *Treaty Series*, 1951, No. 3.

SECTION J

INSTALLATIONS DU RÉSEAU UNIVERSEL DE TÉLÉCOMMUNICATIONS
GLOBAL COMMUNICATIONS FACILITIES

759. DEA/10298-P-40

Note du secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Secretary of State for External Affairs to Cabinet Defence Committee

CABINET DOCUMENT NO. D-309 Ottawa, October 24, 1951

SECRET

PROPOSED ESTABLISHMENT OF U.S. GLOBAL COMMUNICATIONS FACILITIES IN NEWFOUNDLAND

On July 27th, the U.S. Embassy presented a Note,† a copy of which is attached, in which Canadian approval was sought for the establishment by the U.S.A.F. of global communications facilities near Harmon Air Force Base and Pepperrell Air Force Base in Newfoundland. Because of its technical characteristics, the new equipment cannot be placed on the present U.S.-leased bases near the two areas in question; hence, small additional parcels of land are required.

At Harmon base the U.S.A.F. wishes to acquire approximately 210 acres of privately-owned land 12 miles west of the present base, as well as 209 acres of Crown land approximately 22 miles west. On each of these plots buildings would be erected. There is a further requirement for 180 acres of land 9 miles north of the Pepperrell base, as well as 3 acres of land for right of way. A building would be erected on this site.

The U.S. Government has asked that Canada make available the lands noted above to the United States "for its exclusive use for 20 years". The United States also asked that an extension of time should be considered at the end of 20 years. The land would be acquired by Canada and be made available without charge to the United States. The United States has asked that U.S. personnel stationed in the areas to be acquired should be given the same privileges and immunities as members of the U.S. forces stationed within the leased bases.

Neither the Department of National Defence nor the Department of Transport has any objection to the establishment of the facilities. The Department of National Defence has noted that "long-term leases such as the 20-year lease proposed should not be granted if other means could be found to make the land available and provide for the security of the buildings and property".

The United States has been informed, through the Permanent Joint Board on Defence, that the Canadian Government does not wish to grant any further long-term leases to the United States. U.S. officials have sometimes said that certainty of tenure for capital construction of facilities in Canada is necessary in order to obtain

appropriations from Congress; the validity of this argument is now open to question. The United States has a defence agreement with Iceland which, in effect, gives to the United States tenure which may be terminated at any time by either side on eighteen months' notice. In France, U.S. tenure may be terminated on one year's notice, after which all immovable property reverts to the French Government. In the United Kingdom, no leases or assured rights of occupancy have been granted to U.S. forces, although capital charges for construction of facilities are shared. In view of the close relationships between Canada and the United States, there seems to be no reason why the United States should acquire in Canada fixed forms of tenure which it does not require of other North Atlantic Treaty countries.

On the question of privileges and immunities, it is suggested that this question should stand over for the present in view of the doubt which now exists on the exact status of the NATO Forces Agreement and relation of the Leased Bases Agreement to it.

It is, therefore, recommended that a reply should be sent to the U.S. Embassy along the following lines:

(1) The Canadian Government agrees in principle to the extension of U.S. global communications facilities within the areas in Newfoundland as defined in the U.S. Embassy Note.

(2) The land necessary for the facilities will be acquired by the Canadian Government, which will retain title to it.

(3) This land will be available without charge to the United States for its exclusive use for as long as, in the opinion of both Governments, there is a continuing need for the facilities.

(4) If, at any time in the future, it is decided by either Government that the facilities are no longer necessary for joint defence or for NATO purposes, the land, together with any immovable facilities on it, will, on twelve months' notice, revert to the use of the Canadian Government.

(5) Any movable property placed on the land by the United States may be removed by the United States at any time prior to the evacuation of the property by U.S. forces, or within a reasonable time thereafter.

(6) The Canadian Government does not wish at this time to make any commitments on the question of privileges and immunities until the position of the NATO Forces Agreement has been clarified. The Canadian Government nevertheless agrees that U.S. forces stationed on the land in question will be granted privileges and immunities on a standard no lower than those set forth in the NATO Forces Agreement, conditional on the approval of that Agreement by the Parliament of Canada.[83]

L.B. PEARSON

[83] Approuvée par le Comité du Cabinet sur la défense, le 8 novembre 1951; décision notée par le Cabinet, le 12 novembre 1951, et transmise à l'ambassade des États-Unis dans la note 322 du 9 novembre 1951.
Approved by Cabinet Defence Committee on November 8, 1951; decision noted by Cabinet on November 12, 1951 and conveyed to the United States Embassy in Note 322 of November 9, 1951.

760. DEA/10298-P-40

Le troisième secrétaire de l'ambassade aux États-Unis à la 1ère Direction de liaison avec la Défense

Third Secretary, Embassy in United States, to Defence Liaison (1) Division

PERSONAL. CONFIDENTIAL. Washington, December 10, 1951

Dear Bob [Phillips],

I was talking to Bill Wight this morning on another subject and during the discussion he referred to the U.S. request for global communication facilities. He said that aside from other issues, the State Department (and I gather particularly Bill Wight) was embarrassed by having to submit to the Department of Defense the Canadian counter-proposal. He said that it had been his understanding that the U.S. note of July 27, requesting the exclusive use of the land for 20 years, had been submitted in draft form to External and that at that time our Department had expressed confidence that its terms would be acceptable to the Government. It was on this basis, apparently, that the Department of Defense had agreed to the modification of their note of February, 1951.

I said that I was not aware that the American Embassy's note of July 27 had received the informal approval of External in draft form, but if it had it was apparent that the Government had not accepted in full the recommendations of Canadian officials.

I would be grateful if you would let me know whether in fact the U.S. note of July 27 had been submitted in the first instance in draft form and had received informal approval.

Incidentally, we expect that the State Department will wish to discuss with us the conditions set out in our note No. 322 of November 9. I think they will be particularly interested as to whether these conditions would be considered by the Canadian Government as setting a precedent with respect to future U.S. requests. I appreciate that there is little background information with which I am not already familiar. However, should you care to offer any comments they would be most welcome.

You might wish to show this letter to Bert MacKay.

My best regards to both of you.

PETER [TOWE]

761. DEA/10298-P-40

Le chef de la 1ère Direction de liaison avec la Défense au troisième secrétaire de l'ambassade aux États-Unis

Head, Defence Liaison (1) Division, to Third Secretary, Embassy in United States

SECRET AND PERSONAL Ottawa, December 18, 1951

Dear Peter [Towe]:

Bob Phillips has shown me your letter of December 10 regarding the U.S. request for global communications facilities in Newfoundland.

Your letter disturbs me. Since I was the one particularly involved here I think I had better give you a blow by blow account of what happened.

In the first place, Don Bliss presented a Note dated February 21st, 1951† requesting the sites for ninety-nine years and the extension of rights under the Leased Bases Agreement to the sites under Article 27 of that Agreement. (My recollection is that this came in by mail although I am not sure on this point.)

After consulting Mr. Heeney I asked Bliss to come in. I told him that the request for ninety-nine year leases was simply out of the question and unless they wished an outright rejection, the Note should be redrafted on this point. I said I thought the best they could hope for was something along the lines of the Goose Bay arrangement although this was purely my personal opinion. Bliss and I worked out a redraft of the paragraph referring to tenure carefully avoiding the word "lease". Subsequently a new draft Note was presented on July 27th, substantially as redrafted by Bliss and myself.

In the meantime a U.S. enquiry had come forward about Torbay. The Canadian Section of the PJBD were accordingly instructed on or about May 1st to tell the U.S. Section at the forthcoming meeting of the Board that while we were sympathetic about their needs at Torbay, it was firm Government policy that there would be no more leases. This instruction was approved by the Prime Minister, the Secretary of State for External Affairs, and the Minister of National Defence.

At the Kingston meeting of the Board the U.S. were explicitly told that there would be no more leases. The item of the Board Minutes reads as follows:

"The Canadian Chairman referred to recent requests from the U.S. Government (Note No. 322 of April 23† and Note No. 324 of April 30† from the U.S. Embassy in Ottawa) which indicated the desire of the U.S. authorities to acquire extensive new facilities in Newfoundland. He pointed out that Canada is not merely willing but most anxious to cooperate with the U.S. in projects required in Canada for the joint defence of North Atlantic Treaty Organization. He said that the Canadian Government would view most sympathetically any request which the U.S. might submit to further these two ends. The Canadian Government did not, however, believe that it was necessary for the U.S. to acquire any further leases in Canada for defence purposes. There would be no difficulty from the point of view of Canadian sovereignty, in permitting the U.S. to use

and develop a Canadian installation if that use and development were found to be necessary to our joint defence or for NATO."

There is no reference in the Minutes to any comment or objection from the U.S. members nor can I recall anything said by them off the record at the time.

If the discussion with me about the original Note on global communications were correctly reported, I cannot see that the U.S. officials have any basis whatever for suggesting that they were misled. I was simply trying to help them out. I gave no assurance that the new draft would be acceptable to Ministers, and as far as I can recollect I gave none that it would be acceptable even at the official level. I simply gave as my personal opinion that the request for tenure extending over the remainder of the ninety-nine year period under the Leased Bases agreement, together with all the privileges and immunities of the Bases agreement would "queer the pitch" entirely, and that the request would be likely to receive more sympathetic consideration if re-drafted as suggested.

I should like to point out also that the meeting of the PJBD was held on May 10th — the redraft of the Note was not presented before July 27th. In short, both the State Department and the Defense Department had plenty of warning that a request for twenty-years' possession, even if the word lease was not used, was probably out of line with the views of the Government at the time.

It seems to me rather far fetched to suggest that had they known they wouldn't get assured occupation for twenty years, they would have pressed for the ninety-nine year term. In my judgment had they done so they might very well not only have prejudiced consideration of the present request, but others to come later.

I am not suggesting that you go storming down to the State Department. However, some time if you have a chance to put these views before Bill Wight or Norris Haselton privately and strongly, I should appreciate it.

Yours sincerely,

R.A. MACKAY

SECTION K

STATIONS LORAN
LORAN STATIONS

762. 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. 114-51 [Ottawa], April 20, 1951

SECRET

LORAN STATIONS IN NEWFOUNDLAND

The United States Coast Guard now operates three Loran stations in Newfoundland at Bona Vista, Battle Harbour and Port aux Basques. They are linked with other Loran stations in Nova Scotia operated by the Department of Transport and with Loran stations in the United States.

2. In April, 1945, the United States, through the Permanent Joint Board on Defence, first suggested the transfer of the Newfoundland stations to the appropriate Canadian authorities. In view of the fact that the United Kingdom was then actively considering an alternative to Loran, and since Newfoundland was not then part of Canada, the Canadian Government decided not to take over the stations at that time. The United States continued to express a desire to give up its responsibilities, and in September, 1950, raised the question again through diplomatic channels. In the absence of a Canadian reply, the U.S. authorities placed the subject on the agenda of the PJBD in January, 1951, and sent a further note in February, 1951. No direct reply has been given by the Canadian Government, although the Canadian Section of the PJBD said that it would see whether the Department of Transport would be in a position to assume responsibility for the operation of the stations by the end of 1951.

3. The United States had offered to turn over the stations to Canada free of charge, but Canada would be obliged to pay the maintenance costs, which are estimated at $165,000.00 a year. Should the Canadian Government decide at any time to discontinue operation of the stations, the United States has requested the right to resume operations. No accurate record of the value of the buildings and capital equipment is available, but a rough estimate of $1,000,000 has been made. The stations are believed to be in good condition, but housing is of the barrack type. The Department of Transport estimates that approximately $100,000 would be needed to provide further accommodation and alterations. The chief use of the stations is as an aid to civil air and marine navigation; they are of military importance mainly in wartime. The Royal Canadian Navy anticipates that Loran will continue

to be used for an indefinite period, but the RCAF is of the opinion that within a few years Loran will be superseded for military air navigation.

4. The possible transfer of the Loran stations has been discussed by officials of the Departments of Transport, National Defence and External Affairs, and differing opinions have emerged. The Department of Transport has pointed out that these stations are not military installations and therefore do not fall within the general Canadian policy regarding the assumption of responsibility for defence installations on Canadian soil. In the event of a decision to take over the stations from the U.S. Coast Guard, the Department of Transport anticipates difficulties in securing personnel. For this reason it would not be possible to take over the stations by the end of 1951, and probably a full year would be required from the time the decision was taken.

5. The Department of Transport has also suggested that owing to Canada's geographic position, the air navigation facilities which Canada operates as aids to trans-Atlantic flying are disproportionately extensive in relation to the number of Canadian aircraft making use of them. In addition, Canada contributes through the International Civil Aviation Organization about $114,000 a year for the support of Loran stations in Iceland and the Faroes as well as for other facilities. Cabinet accepted this assessment in April, 1949, on a temporary basis on condition that a survey should be made by ICAO of the total contribution of each country, including the facilities operated by each. The present financial support is arranged through a separate multilateral agreement in respect of each particular facility. The Department of Transport has pointed out that the prospects of securing reimbursement through ICAO for the three Newfoundland Loran stations would be much better if they were not taken over until the proposed survey had been carried out. The present agreements contain no provision for payments to Canada even if the survey should indicate a credit balance in favour of Canada.

6. The Department of National Defence and the Department of External Affairs, on the other hand, believe that, although Loran stations are not military in a strict sense, the continued presence of U.S. installations of this nature on Canadian soil does not accord with Government policy. In practice the Canadian authorities have little control over the activities of the U.S. employees operating the stations in these relatively unsettled areas. Canadian refusal to accept responsibility for the three installations which the United States wishes to turn over might prejudice the Canadian position in future cases when Canada might be pressing the United States to relinquish an installation on Canadian soil.

7. Although Canadian contributions to navigational aids under ICAO may be excessive, in the view of the Departments of National Defence and External Affairs it is necessary to give an answer to the U.S. Government without awaiting the completion of the survey of navigational aids in the Atlantic.

8. It is therefore requested that Cabinet decide whether or not the Canadian Government accedes to the U.S. request concerning transfer of the Loran stations in Newfoundland.

L.B. PEARSON

763. DEA/5138-A-40

Note de la 1ère 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 [Ottawa], April 28, 1951

TRANSFER OF LORAN STATIONS TO CANADIAN GOVERNMENT[84]

This subject was considered by Cabinet on April 26. Although we have not yet received the minutes, we understand that Cabinet did not agree to the request of the U.S. authorities that we should take over the stations as soon as administrative factors allow. We understand that it was the view of Cabinet that we should ask I.C.A.O. whether the stations were in fact necessary. If they were not necessary, they might be closed; if they were necessary, I.C.A.O. might support them.

For a number of reasons, this decision may involve the Canadian Government in some embarrassment. Whatever the view of I.C.A.O. on the usefulness of the stations, undoubtedly the U.S. considers them necessary. This is proved by their recent decision to install extensive new equipment at Bona Vista. There is, therefore, little chance that the stations will be closed and that the problem will be solved in this way.

On the other hand, it also seems improbable that I.C.A.O. will, at least for some time to come, provide any financial support, although they might eventually do so. Meanwhile, the stations will be a source of embarrassment in our relations with the United States. It is probably true that whether the stations were being run by the U.S. Coast Guard or the Department of Transport would not affect I.C.A.O.'s decision on support. Therefore, it can be argued that the question of support should not delay our assumption of responsibility for the stations.

Apart from these arguments within the more limited field of meteorological requirements, the strongest case for acceding to the U.S. request for the transfer of the stations rests on our overall policy governing the status of U.S. installations in Canada. We are now attempting to limit U.S. rights in Canada and even to limit exclusively U.S. activity in Canada. Our refusal to take over three Loran stations which the United States is anxious to give up seems inconsistent with the policy which we are trying to espouse in respect of larger installations, and may even prejudice our arguments.

I understand that, through lack of time, Cabinet members were unable to consider carefully the brief on the Loran stations before the question was discussed. Do you think that it would be wise to raise the question again on the basis of the considerations set forth above?

M.H. WERSHOF

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[84] Note marginale :/Marginal note:
The Minister What do you think? Ap[ril] 28 A.D.P.H[eeney]

764. DEA/5138-A-40

Note de la 1ère 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 Ottawa, May 3, 1951

TRANSFER OF LORAN STATIONS TO CANADIAN GOVERNMENT

Yesterday you explained to me that Cabinet would consider the transfer of the three Newfoundland Loran Stations to Canada if it could be shown that the stations were of value

(a) to the Canadian Services, to Canadian civil aviation or marine shipping, or,

(b) to Canada in collaboration with the United States for joint defence, or,

(c) to Canada as a member of NATO.

You suggested that the Department of National Defence, in collaboration with the Department of Transport, should, as quickly as possible, prepare a paper estimating the value of these stations. There might then be a possibility of having the matter reconsidered by Cabinet before the meetings of the PJBD next week.

At the final meeting of the Canadian Section Wednesday afternoon, I explained the position as you outlined it. The Air and Naval Members of the Board said that the operation of the stations by Canada could not be justified by Canadian Service interests and they were reluctant to state that the stations were required for joint North American defence or NATO defence. The Service members did not think that it would be possible to prepare a satisfactory brief for Cabinet consideration within the next two days. In the circumstances, therefore, the following course of action was decided upon, subject to your approval:

The Service members will, in collaboration with the Department of Transport, prepare a brief on the value of the three Loran Stations. They will take this brief to the Kingston meetings where the Canadian Naval Member will explain that the transfer of the Loran Stations is under consideration by the Canadian Government, but no decision has been reached. The Canadian Naval Member will refer to the brief on the value of the stations and say that it would be helpful if the U.S. Section would comment on it and add to it if the U.S. authorities see fit. The Canadian Section will then undertake to draw all the relevant new information to the attention of the Canadian authorities in the hope that a final decision may then be reached.

It was evident at the meetings of the Canadian Section yesterday that the Service members were anxious for the Canadian Government to assume responsibility for these stations not for any intrinsic value, which, in any event, they thought might be difficult to justify, but as part of our overall policy on U.S. installations in Canada.

Do you agree with the line which the Board proposes to take at Kingston?[85]

R.A.J. P[HILLIPS]

765. 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. 193-51 [Ottawa], July 10, 1951

SECRET

LORAN STATIONS IN NEWFOUNDLAND

At its meeting on April 26, the Cabinet:

(a) noted the report of the Secretary of State for External Affairs that the United States had asked Canada to assume the responsibility for maintaining three standard Loran stations in Newfoundland; and,

(b) agreed that it be indicated to the United States that, as the stations would be of little service to Canada, the question of their importance to international civil aviation should be referred to the International Civil Aviation Organization for an opinion, on the understanding that, if I.C.A.O. considered them of value to trans-Atlantic traffic, an arrangement would be sought, under which Canadians would operate the stations but other appropriate I.C.A.O. countries would contribute the major portion of the cost of their operation and maintenance.

2. The transfer of the U.S. Loran stations at Bona Vista, Battle Harbour and Port aux Basques in Newfoundland to the Canadian Government may be considered either on the basis of the usefulness of the stations as aids to navigation, or as part of the larger problem of U.S. installations on Canadian soil. This memorandum will consider these aspects in turn.

Value of the Stations as Aids to Navigation

3. The value of the Loran stations as aids to navigation has recently been reconsidered by the Departments of National Defence and Transport in the light of both wartime and peacetime requirements. In wartime, a long-range navigational system is required over the whole of the Atlantic Ocean north of the Tropic of Cancer. In particular, cover is required over the northern and southern convoy routes between the United States and Canada on the west, and the United Kingdom on the east. The three Newfoundland Loran stations are members of a chain which provide this coverage for the northern convey route.

4. The stations in peacetime provide accurate fixing facilities for merchant vessels, trans-Atlantic commercial aircraft, military aircraft, R.C.N. ships, large fishing

[85] M. A.D.P. Heeney a coché la partie supérieure de ce document pour indiquer son approbation.
A.D.P. Heeney indicated his approval with a check-mark at the top of this document.

vessels, and weather patrol vessels. The commercial airlines are probably the most frequent users. In wartime, in addition to these services, they would provide an essential navigational aid for merchant vessel convoys in the fog area.

5. The only other long-range navigational aid in operation is Consol. It is the view of the Can.-U.K.-U.S. Joint Communications Electronics Committee that the existing Loran cover on the western side of the Atlantic is satisfactory. The Canadian authorities concerned consider it unlikely that the Western Atlantic Loran stations will be superseded by Consol or by any other system in the foreseeable future. Even if an alternative system were found to be more efficient, it would probably take at least three or four years to replace the existing facilities.

6. The Department of National Defence and the Department of Transport, therefore, conclude that the operation of the three Newfoundland Loran stations should be continued. The Department of National Defence further recommends that Canada should accept the transfer of these stations from the U.S. Coast Guard as soon as administrative factors permit.

The Stations in Relation to Canadian Policy Respecting U.S. Installations in Canada

7. It has long been the policy of the Canadian Government to limit the extent of exclusively U.S. activity on Canadian soil where it is practicable to do so. The number and scope of defence installations, whether Canadian, joint, or U.S. operated, in Canada will, no doubt, increase in the near future in accordance with military requirements. Active consideration is now being given to the status of U.S. activity in Canada. In consideration of this problem, one guiding principle has been that as far as Canadian resources allow, and in consonance with military necessity, exclusively U.S. activity in Canada should be limited.

8. The three Loran stations in Newfoundland may or may not be considered as military installations since they have both civil and military use. In relation to defence policy, the essential fact is that they constitute three exclusively U.S. installations on Canadian soil. Further, they are installations which, for at least the past six years, the U.S. has been anxious to turn over to Canada. If we continue to resist acceptance of the responsibility for these stations, we may weaken our case when we may wish to exert Canadian control or at least joint control elsewhere over defence projects on Canadian soil.

9. The cost to Canada for the operation of these stations has been estimated at $165 thousand a year. No guarantee can be offered that I.C.A.O. will accept all or part of this cost as a contribution to navigational aids in the Atlantic. Nevertheless, an application can be made to I.C.A.O. that the cost of the stations be considered a contribution to be taken into consideration in respect of the Canadian share of North Atlantic navigation facilities. Until and unless I.C.A.O. replies favourably to such a submission, the cost of the stations would have to be justified as part of the cost of carrying out the long-range policy of the Canadian Government in respect to foreign installations on Canadian soil. Part of the cost, though probably a small part, can be justified on the usefulness of the stations to Canadian civil and military aircraft and shipping. At present, the users of the stations would be predominantly

non-Canadian since there are fewer Canadian operators of aircraft or surface vessels travelling the routes than operators by other countries.

10. Apart from cost, one of the main difficulties of assuming responsibility for the stations is the recruitment of manpower to run them. The U.S. Navy has placed at the disposal of the Canadian authorities facilities for training Canadian operators. The Department of Transport has estimated that, owing to manpower shortages, the actual changeover could not take place for at least a year from the time that a decision is taken to assume responsibility for the stations. In its requests to turn over the stations to the Canadian Government, the U.S. offered to transfer all buildings and equipment without charge, with the proviso that if Canada ever discontinued operation, the United States might resume responsibility.

11. In view of the considerations outlined above, it is recommended, with the concurrence of the Departments of National Defence and of Transport, that the United States be informed that Canada will assume responsibility for the stations as soon as administrative factors permit. It is further recommended that we inform the United States that Canada, once having assumed operation of the stations, will not discontinue operation of the stations without prior consultation with the United States.[86]

BROOKE CLAXTON

766. DEA/5138-A-40

Note de la 1ère 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 Ottawa, October 11, 1951

OPERATION BY CANADA OF THREE LORAN STATIONS IN NEWFOUNDLAND

This question has not advanced substantially since last April when it was considered by Cabinet. At that time, you will recall, Cabinet decided that I.C.A.O. should be asked for an opinion of the usefulness of the stations, on the understanding that if they were declared useful, we would seek joint support.

The Department of Transport has not addressed to I.C.A.O. any communication on this subject. With the help of the U.S. Members of the Permanent Joint Board on Defense, the Department of National Defence prepared a strong case on the usefulness of the stations. Officials in the Department of National Defence concurred in our view that, for political reasons, Canada should assume control of the stations as part of our overall defence policy. The matter was raised in Cabinet again on August 2, when it was decided that no decision should be taken until the matter had

[86] Décision reportée par le Cabinet, le 2 août 1951.
Decision deferred by Cabinet, August 2, 1951.

been submitted to I.C.A.O. (Although nothing can now be done about it, it was unfortunate that both times the subject came before Cabinet, its presentation suffered from administrative accident. In April, the memorandum on the subject was not distributed to the members until the actual meeting. In August, the subject was put on an agenda which was already over-crowded immediately after the Minister's return to Ottawa).

We understand that the Department of Transport is no longer as confident as it once was that Canadian contributions to navigational aids are disproportionately high. It may well be that Transport would now prefer not to raise this question with I.C.A.O. Transport might now agree to the principle of Canadian operation of the stations if the actual take-over date were postponed until manpower was available. Nevertheless, having done everything possible for the past six months (not to mention the preceding five years) to get Transport to agree to a decision which we consider to be in the interests of Canadian defence policy, I doubt that we can take any further initiative in pressing this course which appears to be out of line with the Cabinet decision of April 26, as confirmed on August 2.

We have, therefore, drafted for your signature a letter to Transport† asking that Department to prepare the necessary communication to I.C.A.O. This letter is necessary because Transport has apparently misinterpreted the August 2 Cabinet decision to mean that Cabinet deferred a decision indefinitely; from Cabinet minutes it is quite clear that Cabinet intended to defer decision only until the matter had been taken up with I.C.A.O. Without this letter to Transport, therefore, the whole matter would probably be shelved.

If you agree that we should take no further action beyond pressing the submission to I.C.A.O., the Canadian Section at the November meeting of the PJBD will inform the U.S. Section that the question of the Loran Stations has been referred to I.C.A.O. and that no decision will be available until I.C.A.O.'s views have been received.[87]

M.H. WERSHOF

[87] Note marginale :/Marginal note:
I agree A.D.P.H[eeney]. Agreed A.F.W.P[lumptre].

SECTION L

AUTORISATIONS DE SÉCURITÉ POUR LES NAVIGATEURS DES GRANDS LACS
SECURITY CLEARANCES FOR GREAT LAKES SEAMEN

767. PCO/Vol. 196

Procès-verbal d'une réunion

Minutes of Meeting

SECRET [Ottawa] January 10, 1951

SECURITY INVESTIGATION OF MERCHANT SEAMEN

A meeting to discuss ways and means of resolving the problems involved in establishing a procedure for the security investigation of merchant seamen serving in Canadian ships on the Great Lakes (and possibly deep sea vessels as well) was held in the Privy Council Committee Room, East Block, on Tuesday, January 9th, 1951, at 10:30 a.m.

Present

Mr. Paul Pelletier, Privy Council Office (Chairman)
Mr. R.G. Robertson, Privy Council Office
Mr. M.M. MacLean, Department of Labour
Captain J.W. Kerr, Department of Transport
Captain F.S. Slocombe, Department of Transport
Captain E.S. Brand, Canadian Maritime Commission
Mr. G. de T. Glazebrook, Department of External Affairs
Mr. D.W. Mundell, Department of Justice
Lieut. Commander J.H.G. Bovey, Department of National Defence
Lieut. Commander A.C.A. Baker, Department of National Defence
Superintendent G.B. McClellan, Royal Canadian Mounted Police
Inspector R.A.S. MacNeil, Royal Canadian Mounted Police
Mr. E.F. Gaskell, Privy Council Office (Secretary).

1. *The Chairman* reviewed the discussion which had taken place at the meeting held on December 15th with Captain H.T. Jewell of the United States Coast Guard who had come to Ottawa to explain the procedures employed in carrying out the President's Executive Order (No. 10173) relating to the safeguarding of vessels, harbours, ports and waterfront facilities of the United States.[88]

He explained that the Chairman, Security Panel,[89] prior to his departure for the United Kingdom, had expressed a desire to have this matter progressed without further delay, emphasizing the need to have Canadian plans formulated and ready to be put into operation before the opening of navigation on the Great Lakes next spring.

2. *Captain Kerr* outlined the procedures which had been in effect in Canada during the late war, and stated that the Canadian Seaman's Identity Certificate, issued by the Department of Transport was now used chiefly to facilitate the landing of

[88] Voir/See United States, *Federal Register No. 15*, October 18, 1950, pp. 7005ff.
[89] Norman Robertson.

Canadian seamen at United States ports. He stated that an efficient organization was maintained by Transport for the purpose of issuing these certificates, and that the register of merchant seamen maintained by the Department would prove invaluable if it became necessary to carry out security investigations on a large scale. He indicated that about 6,700 seamen were normally employed on the Great Lakes each season, and stated that a large percentage of these men had already applied for identity certificates.

3. *Mr. Robertson* observed that it would be necessary to reach a decision in principle as to whether we should impose mandatory regulations or attempt to resolve the problem by some form of labour-management agreement before going into detailed discussion of the mechanics and this approach was generally concurred in.

4. *Captain Brand* stated that it was urgently necessary to take all possible steps to ensure the security of our own ships and port facilities by arbitrary measures, if necessary, and he urged that planning to this end should proceed without delay.

5. *Mr. MacLean* expressed the view that no serious difficulty was likely to be experienced in dealing with the various trade unions involved. The principal contact would be with the Seafarers' International Union, and this organization was likely to prove co-operative in carrying out schemes such as that envisaged in the preliminary talks. He further stated that if there was a possibility that we might have to evolve a system in accordance with the present U.S. policy, we should plan to do so at the earliest possible date. He felt, also, that security investigations might be facilitated by requiring all ships' crews to be recruited through the machinery of the Unemployment Insurance Commission.

6. *Superintendent McClellan* stated that if the R.C.M. Police were able to proceed with the necessary file checks at an early date, the great majority of cases could be processed before the opening of navigation next spring. It would be necessary, however, to begin the work before February 15th. He also gave it as his opinion that mandatory regulations would be required to provide an efficient organization and a workable solution to the problem. He further stated that the R.C.M. Police would be prepared to provide a draft questionnaire form suitable for use in checking merchant seamen, and also a sample identity card which would meet the special requirements of the intended operation.

7. *Captain Kerr* stated that the relevant Unemployment Insurance number was used by the Department of Transport, in conjunction with the Canadian Seaman's Identity Certificate, to prevent forgeries and to facilitate checking on the bona fides of the holders.

8. *Mr. Glazebrook* expressed the view that it would be most desirable to give the United States Government some early indication of our intended plan. This could be done in such a manner as to satisfy any questions likely to come from Washington without committing us to details before the problem had been resolved by the Canadian authorities.

9. *It was agreed after discussion:*

(1) That security investigation of Canadian merchant seamen (by file check) should be carried out on a compulsory basis, and that suitable regulations should be drafted to cover the intended operation;

(2) that planning should proceed at once to enable the R.C.M. Police to make an early start on file checks;

(3) that a small sub-committee, to include representatives of Transport, Labour, Justice, the Canadian Maritime Commission and the R.C.M. Police, should be set up to discuss procedures and draft appropriate regulations; and

(4) that the U.S. Government should be advised, through diplomatic channels, of our intended plans at the earliest possible date.

10. *It was further agreed* that the sub-committee should meet on Friday, January 12th, at 10:30 a.m. to consider draft regulations and to discuss the mechanics of carrying out the necessary security investigations.

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Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

SECRET Ottawa, January 23, 1951

GREAT LAKES SEAMEN'S SECURITY REGULATIONS

Attached are draft security regulations respecting merchant seamen on the Great Lakes and the St. Lawrence.† The draft was prepared by a Working Committee of the Security Panel consisting of representatives of the Department of Transport, the Department of Labour, the Canadian Maritime Commission, the Royal Canadian Mounted Police, the Department of National Defence, the Department of Justice and this office.

These are the first regulations of this character to be submitted to the Government for consideration and approval. Although it is anticipated that these regulations, if approved, will be extended to cover deep-sea shipping it was thought advisable, for the time being, to restrict their application to the Great Lakes for the following reasons.

(a) if the principle involved is approved the security measures can be announced and the necessary administrative machinery put in motion before the opening of navigation on the Great Lakes this coming Spring;

(b) some experience can be gained in the actual application of the regulations in a restricted field prior to their being extended to shipping generally;

(c) there are several vital works along the Great Lakes and St. Lawrence shipping routes which should be made as secure as possible in the immediate future;

(d) United States authorities have intimated that Canadian vessels may be denied use of the U.S. locks at Sault-Ste. Marie unless personnel manning the ships have been adequately screened from a security point of view. (You may be aware that an elaborate system of merchant seamen security clearance has been established in the United States under the U.S. Coast Guard which applies to all U.S. shipping, both inland and deep-sea, with the exception of the coastal trade.)

In drafting the attached regulations every effort has been made to keep them as simple, direct and flexible as possible without in any way impairing their effectiveness. The gist of the regulations is to provide that after a specified date no seaman shall be employed aboard any Canadian ship on the Great Lakes, including the St. Lawrence as far east as Montreal, unless he is the holder of the prescribed Seaman's Card. These cards will be issued by the Minister of Labour through the National Employment Service upon the submission to the Minister, in each individual case, of a favourable security report by the RCM Police. Penalties up to a fine of $500 or three months imprisonment are provided for offences.

I would like to draw your attention particularly to sections 12 to 15 of the regulations concerning the appeals procedure. These sections have caused the Working Committee a good deal of concern. It should be borne in mind that a good many sources of information available to the RCM Police cannot be divulged without seriously compromising the usefulness of such sources. In the circumstances, it may be found that in actual practice an Advisory Committee, appointed under section 13 of the regulations, may find itself hard put to judge the real merits of a case in the event the Police cannot place complete information at the disposal of the Committee. It seems to me, however, as indeed it did to the Committee, that if restrictive regulations of this character are to be put into force in peacetime, some form of appeal must also be provided for and that the procedures set out in sections 12 to 15 probably represent the least that can be done in the circumstances. You will note that under the proposed appeals procedure Advisory Committees are only empowered to make recommendations to the Minister with whom rests the final decision.

I have been given to understand that the promulgation of the attached security regulations would in no way antagonize labour unions and that, on the contrary, many groups would be anxious to cooperate actively in enforcing the regulations. This is particularly true since the Canadian Seamen's Union is no longer a factor to be taken into consideration. The same degree of cooperation can also be expected from ship owners.

Generally speaking, I think the attached regulations are necessary, workable and worthy of consideration. They may well become the prototype of similar regulations to be extended gradually to defence industries and other vital undertakings. It is for this reason, amongst others, that it is recommended that the attached regulations be made the responsibility of the Minister of Labour rather than that of the Minister of Transport.

It should be noted, of course, that even if approved in principle these regulations can only be brought into force if and when special emergency legislation is ratified. An early decision would nonetheless be desirable in order that all necessary administrative arrangements, such as the printing of application forms, etc., may be made prior to the actual coming into force of the regulations.[90]

N.A. R[OBERTSON]

[90] Approuvé par le Cabinet, le 24 janvier 1951/Approved by Cabinet, January 24, 1951.

SECTION M

ENQUÊTES DE SÉCURITÉ DU CONGRÈS
CONGRESSIONAL SECURITY INVESTIGATIONS

769. DFAIT

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-3104 Washington, August 14, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Your EX-1615 of August 14th.†

E.H. NORMAN

1. I saw Freeman Matthews, Deputy Under-Secretary of the Department of State this afternoon to protest the publicity given to the charges in the Senate Internal Security Sub-Committee of the Committee on the Judiciary and the manner in which this question had been handled in that committee.

2. I called to Mr. Matthews' attention the editorials referred to in your paragraph two as an indication of the public reaction in Canada and left copies of those editorials with him.[91]

3. I advised him that it was the hope of the Canadian Government that it would not be necessary to give publicity to our protest but pointed out to him that it was quite possible that the Canadian Government might find it necessary to give such publicity.

4. I left with Mr. Matthews a memorandum, the text of which is quoted below, which was based on paragraphs 1 and 3 of your message. Since the recent publicity has resulted from the hearings in the Senate sub-committee and none has resulted from hearings of a Committee on Un-American Activities reference to that committee was deleted.

5. The text of my memorandum was as follows: Text begins:

"The Canadian Government was surprised to learn that the Senate Internal Security Sub-Committee of the Committee on the Judiciary found it necessary to make public reference to a high official of the Canadian Government, E.H. Norman, and on the basis of unimpressive and unsubstantiated statements by a former Communist, in a way which could not fail to prejudice the position of that official before the public of his own and other countries.

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[91] Voir/See "The Contemptible Attack on Mr. Norman" in *Ottawa Citizen*, August 11, 1951; "The Smear Comes North" in *Globe and Mail*, August 11, 1951.

The State Department will know that the Canadian Government has complete confidence in Mr. Norman, and hopes that they will inform the Congressional Committees of this fact, and its consequent regret and annoyance that their counsel went out of his way to drag Mr. Norman's name into their hearings.

The Canadian Government does not desire any publicity to be given to its representations, because there has been too much publicity already on this subject but it is to be hoped that the committees can instruct their counsel to act differently in the future in matters which concern officials of this government. If in evidence before investigating committees in Washington names of Canadian officials appear, the Canadian Government naturally expects that these names can be sent in confidence to the Canadian Government so that the allegations made can be investigated here and the results referred back to the State Department.

The Canadian Government hopes that the State Department will agree that this is the course which should have been followed in this case, and will be able to give some assurance that it will be followed in the future". Text ends.

6. After reading the memorandum Mr. Matthews said that he did not disagree with anything stated in it and expressed his sincere regrets at the publicity which had arisen. He undertook to bring our memorandum to the attention of the appropriate authorities and to do what he could to prevent a repetition. He said that he felt he had to point out however that the State Department had not yet been able to devise a means of preventing similar publicity of unfounded charges against members of its own staff and that therefore while he would do whatever may be possible to prevent a recurrence in the case of Canadian officials he was not in a position to give any assurances of success in his efforts.

770. DFAIT

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 17, 1951

RE MCCARRAN COMMITTEE CHARGES

This afternoon I saw Mr. Bliss, the U.S. Chargé d'Affaires, to inform him of the very serious view taken by the Canadian government of the continuing references to Canadian officials in the proceedings of the Senate sub-Committee on Internal Security and of our inability to obtain, through the only channel open to us viz the State Department, the name or names and the alleged charges. As Mr. Bliss was aware, we had been surprised and annoyed at the proceedings of the Committee when Norman's reputation was impugned. We were now being put in an impossible position and we hoped that the State Department were doing everything possible to obtain for us the information we had requested.

Mr. Bliss told me that the State Department were bending every effort to obtain the information we had requested. They also took a serious view of the Committee's proceedings, but were powerless. He said that the State Department had given high priority to this matter and hoped to be able to report something to us later this afternoon.

Finally, I pointed out that a leak in Washington had forced the Minister to make a statement in respect of Norman.[92] We would have to make a further statement to the press unless the matter could be cleared up very promptly. Newspaper comment right across Canada indicated the indignation felt by Canadians at the treatment accorded trusted servants of the Canadian government. Canadians could not understand why the U.S. government could do nothing to put a stop to these activities.

A.D.P. H[EENEY]

771. DFAIT

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le chef de la 2ième Direction de liaison avec la Défense

Memorandum from Special Assistant to Secretary of State for External Affairs to Head, Defence Liaison (2) Division

SECRET [Ottawa], August 17, 1951

Yesterday evening about six o'clock I spoke over the telephone to Mr. Matthews in Washington on instructions from the Minister. I said that Mr. Pearson wanted him to let the State Department know that there had been a constant stream of enquiries from newspapermen here about the story which appeared yesterday in the *New York Journal American* and on the I.N.S.[93] ticker to the effect that "two top Canadians" had been mentioned by the Senate Sub-Committee on Internal Security. Newspapers here wished to discover the names of the two Canadians and the nature of such charges as might have been made against them. Mr. Pearson also wanted the State Department to know that he was meeting these enquiries, for the time being, by saying that we were trying to get information on these two points from Washington.

2. If the State Department could not secure the information within the next 24 hours, Mr. Pearson might be forced, under pressure, to tell newspapermen here that the State Department had been unsuccessful. I asked Mr. Matthews for his opinion as to whether it would be helpful to pass along this warning to the State Department at once. Mr. Matthews thought that it would be helpful; and he, therefore, undertook to get in touch with the State Department immediately and let them know what the Minister might be obliged to say in the event that they were unable to secure the names of the two Canadians and the evidence which had been presented to the Senate Sub-Committee.

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[92] Voir/See *Montreal Gazette*, August 17, 1951.

[93] International News Service

3. I am sending copies of this memorandum to the Under-Secretary and to Miss Weiss in the Press Office.

D.V. LEPAN

772. DFAIT

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-3198 Washington, August 23, 1951

CONFIDENTIAL

Reference: Internal Securities Sub-Committee of the Senate Committee of the Judiciary.

1. This afternoon Raynor handed to Matthews an aide mémoire, the text of which is quoted below, asking on behalf of the committee information concerning residents of the United States mentioned during the Canadian investigations in 1946.

2. State Department were at pains to point out that the letter they had received from Senator McCarran was of an earlier date than the State Department's approach to the sub-committee requesting information on behalf of Canada.

3. The aide mémoire reads as follows:

In a letter dated August 15, 1951, Senator Pat McCarran, Chairman of the Internal Security Sub-Committee of the Senate Committee on the Judiciary, asked the Secretary of State to request the Canadian Government to make available to the Internal Security Sub-Committee the names of United States residents included in a list of people associated with the disclosures in 1946 of the Soviet code clerk, Igor Gouzenko.

Senator McCarran refers in his letter to a news dispatch by Richard H. Haviland in the *Montreal Daily Star* dated May 25, 1950, in which a statement by the Honorable Stuart Garson, Minister of Justice, is reported to the effect that a notebook which came to light during the course of the Canadian Espionage Investigation of 1946 was the object of study by the Ministry of Justice. According to Senator McCarran's letter there are 436 entries in all in this notebook and included among them are the names of 163 United States residents.

The Secretary of State would appreciate it if the Chargé d'Affaires Ad Interim of the Canadian Embassy would transmit Senator McCarran's request to appropriate officials in the Canadian Government and notify this department of the results of the inquiry so that Senator McCarran may be informed.

DFAIT

773.

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], August 24, 1951

SENATE SUB-COMMITTEE ON INTERNAL SECURITY

Yesterday evening about 7 o'clock I had a telephone call from Mr. Matthews. He said that Hayden Raynor of the State Department had told him that a reply from the Senate Sub-Committee had now been received in the State Department. It this letter it was stated

(a) that the Sub-Committee were endeavouring to conduct their proceedings with "dignity and fairness";

(b) that there was nothing that the Sub-Committee could do to curb the use made by the press of evidence at public hearings of the Sub-Committee;

(c) that so far as executive sessions were concerned, the Sub-Committee had been making such arrangements to prevent unwarranted disclosures as had seemed appropriate;

(d) that the Sub-Committee would be willing to co-operate with the State Department or with us, through the State Department, in an exchange of information;

(e) that the Sub-Committee would gladly consult with the State Department as to how this co-operation could best be effected.

The letter contained no information about Canadians who have been named in hearings before the Sub-Committee or about the charges which have been preferred against them.

2. Yesterday afternoon the State Department also gave the Embassy an aide-mémoire transmitting a request for information from the Canadian authorities which had been made by the Sub-Committee on the 15th August. The text of the aide-mémoire is contained in teletype No. WA-3198 of the 23rd August, which is attached.

3. I told Mr. Matthews that Mr. Pearson had approved a brief and comparatively mild press release which was to be issued this morning at 10:30, if by that time we had not received any information. Mr. Matthews thought — and I agreed — that the Minister should be informed of what Matthews had been told by Hayden Raynor, so that he could decide whether the press release should be issued in its present form or altered. I then spoke over the telephone to Mr. Pearson. He said that, although he was annoyed by the tone and substance of the reply from the Senate Sub-Committee, he thought that we should not change our press release but should issue it as it stood.

4. This morning about 9:30 I had a further call from Mr. Matthews. He said that Ed Hadley, the *Montreal Star's* representative in Washington, had already heard of the reply from the Senate Sub-Committee and was writing a story about it for this

afternoon's paper. Hadley seemed to have received a good deal more information from some source close to the Sub-Committee than our Embassy had been given. His story would represent the reply from the Sub-Committee as a complete rebuff to our request for information. This interpretation, to my mind, seems not unfair. Mr. Matthews thought that we should once again reconsider the text of the press release which we intended issuing. In your absence, I consulted with Mr. Ritchie and with Mr. Glazebrook. We all agreed that the press release might still go out in its original form. It went to the press at 10:30 this morning.[94]

5. Already newspapermen have heard of the existence of the reply from the Senate Sub-Committee and are beginning to question us about it. In answer to enquiries, Mr. Glazebrook, Miss Weiss and I are saying that we have heard from the State Department that a reply to our request has been made by the Senate Sub-Committee. However, we have not yet received the text of the reply and, until we do, we are not in a position to comment. I am not sure how long we will be able to hold this line; but I hope you will agree that it is what we should do for the time being.

6. I am sending copies of this memorandum to Mr. Glazebrook and to Miss Weiss.

D.V. LEPAN

774.

DFAIT

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-1716 Ottawa, August 30, 1951

SECRET

Reference: Your WA-3198 August 23 and WA-3202 August 24.†

SENATE SUB-COMMITTEE ON INTERNAL SECURITY

Following for the Chargé d'Affaires.

In reply to the aide mémoire transmitted to you by the State Department on August 23 on behalf of the Internal Security Sub-Committee of the Senate Committee on the Judiciary, please convey to the State Department an oral message along the lines set forth in paragraphs two and three of this message.

2. The information requested by Senator McCarran has already been transmitted to the appropriate U.S. Security authorities in conformity with established arrangements for co-operation in security matters of common interest to Canada and the United States.

[94] Voir/See Canada, Department of External Affairs, *Press Releases*, 1951, No. 39.

3. The State Department are of course aware of the existence of these arrangements for the exchange of security information of mutual concern and it may be recalled that the transmission to the U.S. Government of the particular information now requested by the Senate Sub-Committee was mentioned by the Secretary of State for External Affairs in the House of Commons on May 2, 1950. Nevertheless for the convenience of the State Department [you] are repeating the names of the U.S. residents referred to in the Senate Sub-Committee's aide mémoire. (The list of these names is contained in my immediately following telegram).†

4. With respect to the suggestion in Senator McCarran's letter of August 22 to the State Department, communicated to you orally and referred to in your WA-3020 [sic] of August 24 concerning exchange of information, you should again point out to the State Department that the existing arrangement for exchange of information of common interest between the security authorities of the two countries has been well and satisfactorily established for a long time, as officers of the State Department should be well aware. We look forward to the continuance of this mutually satisfactory procedure.

5. In the circumstances it seems to us advisable that the "oral message" referred to above should be committed to writing and handed to the State Department with the list of names attached firmly to it.

DFAIT

775.

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-3271 Washington, August 31, 1951

SECRET

Reference: Your EX-1716 of August 30.

SENATE SUBCOMMITTEE ON INTERNAL SECURITY

1. An oral message based on paragraphs 2, and 4, of EX-1716 was left today with Hayden Raynor, together with copies of the names and addresses listed in your EX-1717.†

2. Raynor is getting in touch with Humelsine the Deputy Under-Secretary, who is at present in San Francisco, by telephone to advise him that this information has been received. Humelsine is planning to discuss this matter with Senator McCarran over the weekend. State Department hope that as a result of the receipt of this information the atmosphere for Humelsine's discussions may be such that results will be produced.

3. Raynor referred to the suggestion contained in McCarran's letter to the State Department as reported in our WA-3202 of August 24, that the subcommittee would be glad to explore through the State Department a satisfactory arrangement

for exchange of information between the subcommittee and the Canadian authorities. He inquired whether our expression of satisfaction with the existing arrangements for the exchange of information of common interest to the security authorities in each country implied that we did not wish to set up any special arrangements for exchange of information with the subcommittee and whether we would prefer any reply to our request for information concerning the reported reference at an executive session of the subcommittee to two Canadian officials to come through the existing channels.

4. I advised Raynor that I would seek instructions on these points but assured him that in so far as his second question was concerned the important thing so far as we were concerned was to obtain details of any charges that might have been made against Canadians and that the channel through which that information reached the Canadian Government would be a matter of little importance.[95]

776.

DFAIT

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-1743

Ottawa, September 7, 1951

CONFIDENTIAL

Your WA-3293.† E.H. Norman.
Following for Matthews from the Under-Secretary, Begins: In his Press Conference on August 30, the Minister in answer to a question as to further developments resulting from Canadian representations about accusations against Canadian officials said that he had nothing to report and that as far as we were concerned the matter was ended.

3. With particular reference to your WA-3293, the Minister made a brief statement in San Francisco in relation to the proposal that the Sub-Committee should invite E.H. Norman to appear before it. As reported by the Press, he said:

"We have already indicated to the proper United States' authorities what we think of Dr. Wittfogel's statement and no further action seems to be required". Ends.

[95] Note marginale :/Marginal note:
Mr. Glazebrook: I phoned Matthews this a.m. & told him
(a) re *para[graph] 3* we were not interested in *any* special arrangement for exchange of information with the Senate sub-c[ommi]ttee or any other legislative or other branch of U.S. gov't; our proper constitutional "contacts" were State-External & FBI-RCMP & we would not go outside — the Senate sub-c[ommi]ttee was the State Dep[artmen]t's problem, not ours, and,
(b) re para[graph] 4 we didn't mind whether the partic[ular] info requested came through State or F.B.I. Better confirm by teletype† Tues a.m. A.D.P.H[eeney] Sept 1

2e PARTIE/PART 2

QUESTIONS ÉCONOMIQUES/ECONOMIC ISSUES

SECTION A

VOIE MARITIME DU SAINT-LAURENT
ST. LAWRENCE SEAWAY

777. PCO

Conclusions du Cabinet

Cabinet Conclusions

TOP SECRET [Ottawa], April 19, 1951

Present:

The Prime Minister (Mr. St-Laurent) in the Chair,
The Minister of Trade and Commerce
and Minister of Defence Production (Mr. Howe),
The Minister of Agriculture (Mr. Gardiner),
The Minister of Public Works (Mr. Fournier),
The Minister of National Defence (Mr. Claxton),
The Minister of Transport (Mr. Chevrier),
The Minister of National Health and Welfare (Mr. Martin),
The Minister of National Revenue (Dr. McCann),
The Minister of Labour (Mr. Gregg),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Resources and Development (Mr. Winters),
The Secretary of State (Mr. Bradley),
The Minister of Veterans Affairs (Mr. Lapointe),
The Minister of Mines and Technical Surveys (Mr. Prudham).
Mr. C.C. Eberts, Privy Council Office.

ST. LAWRENCE WATERWAY AND POWER PROJECT

1. *The Prime Minister*, referring to the discussion at the meeting of February 22nd, 1951, said that the Chairman of the Ontario Hydro-Electric Power Commission had called on him to discuss future Canadian policy regarding the St. Lawrence waterway and power project, in view of Ontario's need for additional power and the possibility that the United States Congress would not endorse, during its current session, the 1941 Agreement on the combined waterway and power project.

Mr. St-Laurent had told Mr. Saunders that the government recognized Ontario's need for additional power by the end of 1956 and could be counted on to do everything possible, in the light of the relationship with the United States in this matter, to ensure that the power side of the St. Lawrence project was completed in time. In view of the situation in Congress, he had undertaken to discuss with the other members of the government, the possibility of taking early action looking to separate power development (by Ontario and New York) and construction of the waterway by Canada alone. It might be desirable to consider introducing in the House of Commons legislation enabling Canada to proceed with the construction of the

waterway, making it clear at the same time that U.S. participation in this scheme would still be welcome. Mr. Saunders thought that U.S. opponents of the waterway scheme would reverse their attitude if it were made clear that Canada planned to undertake construction of the waterway at its own expense. He had also said that, should Congress fail to endorse the combined scheme this year, he believed that New York and Ontario would be prepared to build the power facilities and common works and that Ontario would, if necessary, be prepared to handle the expropriation of lands and the payment of damages on the Canadian side.

2. *The Secretary of State for External Affairs* said the Canadian Ambassador in Washington had reported that Congress, with only the House of Representatives so far considering the matter, might not approve the 1941 Agreement during its current session. He had also pointed out that, should the House of Representatives endorse the combined project and the Senate postpone action on it until the next session, it would be very difficult to obtain agreement to proceed with separate power development by Ontario and New York.

3. *The Minister of Trade and Commerce and Minister of Defence Production* pointed out that the U.S. Secretary of Commerce, in conversation, had accepted the fact that, should Congress not approve the combined project this year, Canada would proceed with the waterway on its own. He thought it inadvisable to indicate any intention to take separate Canadian action for another few weeks, until the intentions of Congress were clearer. Otherwise, there might be the criticism in the United States that Congress had not been given sufficient time to consider the U.S. position in the matter.

4. *The Cabinet*, after further discussion, noted the report of the Prime Minister regarding discussions he had had with the Chairman of the Ontario Hydro-Electric Power Commission, with regard to future Canadian policy on the St. Lawrence waterway and power project, and agreed that, until the intentions of the United States Congress became clearer, nothing be done for another few weeks to indicate the possibility of separate Canadian action on the project.

778. 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-1951 Washington, May 9, 1951

CONFIDENTIAL

ST. LAWRENCE PROJECT

1. Yesterday Matthews had an opportunity to discuss the St. Lawrence project briefly with David Stowe, an administrative assistant to the President on the White House staff.

2. From this discussion it was apparent that the White House shares the general opinion that the prospects for approval at this session of Congress have become less favourable in recent weeks.

3. Matthews pointed out to Stowe the serious effect a prolonged delay would have on the Ontario power situation. He said that, if it became apparent that Congressional approval would not be forthcoming within a reasonable time, the Canadian authorities would have to consider the desirability of advocating the Ontario-New York power development project.

4. Stowe's immediate comment was that there would be little point in seeking power development separately from the seaway as long as Mr. Truman remained in the White House; the seaway had been for a long time a matter of great personal interest to the President, and the President regarded the power development as a matter of State interest rather than of national interest.

5. When asked whether it would make any difference to the President's attitude if Canada should decide to proceed with the development of the seaway on its own, Stowe was non-committal. It appeared as if the possibility of Canadian development of the seaway had not been considered seriously in the White House.

6. It is probable that Mr. Stowe gave an accurate picture of the present thinking of the President on this matter. I think it is important, therefore, that if the Canadian Government decides to support Ontario and New York in their plan to proceed with power development, either with or without Canadian development of the seaway, the ground should first be cleared with the President. If this is not done before any such scheme is given publicity the President might make a statement opposing the Ontario-New York development that would make it impossible for him to change his stand at a later date.

7. If it becomes clear that Congress will not approve the joint project at this session as a result of its defeat in committee or on the floor of either House, it will doubtless be necessary for the Canadian Government to make at once a statement of its intentions. I think that any statement indicating support of power development by Ontario and New York should be preceded by a message from the Prime Minister to the President setting forth the urgent need for more power and saying as much as can be said about a Canadian seaway. In such an event action would have to be taken every quickly. Alternatively, the issue might be raised in advance in a communication from the Prime Minister to Mr. Truman or by me with Mr. Acheson; a written communication should accompany any oral representations which might be made.

779. 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-2020 Washington, May 14, 1951

CONFIDENTIAL

My WA-1951 of May 9th. St. Lawrence Project.

1. I mentioned to the Secretary of State today the probability that if it became evident that the joint project would not be approved at this session of Congress the Canadian Government would then support a separate power development by New York and Ontario. I also mentioned the desire of the Ontario authorities for the Federal Government to declare itself on this issue. On the first point Mr. Acheson remarked that when the matter was last mentioned in the Cabinet a slightly more optimistic account of the prospects of Congressional action had been given. I gathered, however, that this primarily related to the hopes for an affirmative vote by the House Public Works Committee after their projected tour of inspection. On the second point he urged that no public statement of intentions should be issued in Ottawa, at any rate until the House Committee had reached a decision, since he thought that a statement on our side might have an adverse effect on the decision.

2. I told him that I was mentioning the matter at this time since if the project were shelved I might be seeking to enlist his support with the President in persuading Mr. Truman to drop his opposition to a separate power development.

3. This conversation supports the recommendation made in paragraph 7 of my message under reference.

780. 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-2154 Washington, May 22, 1951

CONFIDENTIAL. IMMEDIATE.

Reference: My WA-2020 of May 14th.

ST. LAWRENCE PROJECT

1. Since my return from Ottawa we have received further information on the thinking in the White House about the prospects of approval of the joint project and the tactics which might be pursued. Matthews has discussed the issues with Charles

Murphy, Special Counsel to the President, and Stowe, Administrative Assistant to him, and the Canadian Desk in the State Department has informed us of a further discussion yesterday which they have had with Bell of Mr. Truman's staff. While the views expressed may not be based on any fresh consideration by the President himself, they come from those on whom he would rely for advice.

2. Both Murphy and Bell say that the White House still hopes that favourable action will be taken by Congress on the joint project, and Murphy implies that some political manoeuvring is being undertaken to this end. Murphy and Stowe express the personal opinion that the Administration will not agree to a separate power development unless assurance is given that the seaway will be constructed by Canada on the ground that without the inducement of the power development enough votes would never be secured for approval of the seaway by Congress.

3. All three urge very strongly that nothing should be said in Canada about either a separate power development, or the possibility of the seaway being built by Canada with the power project undertaken by New York and Ontario, unless the joint project is rejected by the House Committee or by one House of Congress.

4. Should an unfavourable vote take place, they urge consultation on how best to carry the project *forward before the Canadian Government takes any public position.* If this were to happen, the Administration would be likely to support, as the second best method, the New York-Ontario development plus a Canadian undertaking to develop the seaway plus a guarantee of permanent navigation rights on equal terms. This is the line of argument that we must expect in such a contingency and with which we must be prepared to deal. If no undertaking could be given about the possibility of an all-Canadian seaway, we would clearly have difficulty in getting the President to change his stand against the Ontario-New York power project.

5. We have pointed out that in the event of an adverse vote by the Public Works Committee (which would certainly kill the joint project for this session and almost certainly for this Congress) the Canadian Government will be under great pressure from the Ontario Government and in Parliament to issue *promptly* a statement of its intentions. This has resulted in an informal suggestion on behalf of the State Department and White House that we should enter into discussions *before* the vote has been taken in the Committee so as to concert the plans of the two governments. Since the Committee is expected to vote soon after its projected tour, it is proposed that these discussions might take place next week. One difficulty that I see in this suggestion is that we shall be under immediate pressure to state the attitude of the Canadian Government towards an all-Canadian seaway, and this would appear to involve a tentative Cabinet decision on the action to be taken in a situation which may never occur. We have, therefore, been very reserved in commenting on the proposal.

6. It is in any event important that I should receive some statement of your views on the contents of this telegram and on my messages WA-2020 of May 14th and WA-1951 of May 9th, which are related to it.

781. 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-1156 Ottawa, May 28, 1951

SECRET. IMPORTANT.

Your WA-2154 of May 22. St. Lawrence Project.

This was discussed in the Cabinet last week[96] but no decision was reached on the question of entering into such discussions, pending further consideration in Cabinet of the economic feasibility of an all-Canadian waterway. The Interdepartmental Committee has been asked to provide economic data as quickly as possible, in the light of which the Cabinet can give further study to this question. In the meantime it will, of course, be impossible to have discussions this week with the United States authorities, or to make arrangements for such discussions to be held later. It is hoped that the Interdepartmental Committee's report can be placed before Cabinet at the first of next week.

782. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 177-51 [Ottawa], July 3, 1951

SECRET

ST. LAWRENCE WATERWAY PROJECT; POSSIBLE CONSTRUCTION OF AN ALL CANADIAN WATERWAY

1. At its meeting of May 24, the Cabinet had before it a report from the Ambassador in Washington giving the views of members of the White House staff on the attitude that would probably be adopted by the United States Administration if the House of Representatives Public Works Committee were to vote against the 1941 Agreement.

Should an unfavourable vote take place they urged consultation on how best to carry the project forward before the Canadian Government makes public its position. They thought the Administration would then be likely to support, as the second best method, the New York-Ontario power development together with:

[96] Le 24 mai 1951/May 24, 1951.

(a) A Canadian undertaking to develop the deep waterway, and

(b) A guarantee of permanent navigation rights on equal terms.

If these conditions were not met, they thought it unlikely that the President would abandon his opposition to the New York-Ontario power project.

The U.S. officials had proposed joint discussions with a view to concerting the plans of the two governments. Mr. Wrong requested the government's views about the discussions pointing out that they would involve his indicating the government's position on an all Canadian waterway.

2. The Cabinet decided that, before taking any decisions, a report should be prepared by the Interdepartmental Committee on the St. Lawrence Waterway on the cost and value of the joint project and of an all Canadian deep waterway and on the effect of tolls on the ability of either project to become self-supporting. The report of the Interdepartmental Committee is attached.

3. After the last discussion in the Cabinet information was received from General McNaughton of views expressed by members of the Permanent Joint Board on Defence which suggested that the President might be more ready to give clearance for separate power development without any definite commitment as to the Canadian waterway than was suggested by the advice given to Mr. Wrong. This has now been referred to Mr. Wrong who has checked the matter again and he reports that the information as originally given in his despatch of May 22† seems still to be correct. He gives the following information as to the position in Washington:

> "The general consensus of Administration officials is that there is no real objection to the power development aspect of the project, but that the support for power development must be used to obtain endorsement of the seaway.
>
> It now appears unlikely that there will be a vote in the House Public Works Committee before the first week in July as several of the Committee are absent from Washington. Administration officials are still hopeful that Congressional approval of the project will be forthcoming. However, this optimism does not seem to be based on any definite timetable, and Mr. McWhorter, for example, made some comments recently which indicated that he thought the project would more likely be approved during the second session of the 82nd Congress. Federal Power Commission officials appear to think that Ontario might seek some other sources of power to meet their needs until the St. Lawrence Project can proceed on a joint basis on the assumption that there may only be another year's delay. Moreover, since the Administration is trying to emphasize the seaway aspect of the project, our emphasis on the urgency of Ontario's requirement for power is inclined to give rise to misunderstanding and the impression that we are working at cross purposes."[97]

N.A. ROBERTSON

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[97] Décision remise par le Cabinet en attendant un vote sur l'aménagement du Saint-Laurent au Comité des travaux publics de la Chambre des représentants.
Decision deferred by Cabinet pending a vote on the St. Lawrence Development in the House of Representatives' Public Works Committee.

[PIÈCE JOINTE/ENCLOSURE]

Note du Comité interministériel sur le développement des Grands Lacs et du Saint-Laurent pour le Cabinet

Memorandum from Interdepartmental Committee on Great Lakes and St. Lawrence Development to Cabinet

CONFIDENTIAL [n.d.]

RE THE ALL CANADIAN WATERWAY

1. *Description of All Canadian Waterway.* The only difference between the so-called "All Canadian Waterway" and the Waterway proposed to be constructed under the 1941 Canada-U.S. Agreement is that the navigation works — the locks, navigation canals, etc. — in the International Rapids Section of the St. Lawrence River would be on the Canadian side of the International Boundary instead of on the United States side.

2. *Preliminary Action Necessary.* In order to proceed with an "All Canadian Waterway" the following procedure would be necessary:

(i) Obtain consent of President Truman to a joint submission to the International Joint Commission under Article III of the Boundary Waters Treaty of 1909 for approval of plans for development of power in the International Rapids Section either by Ontario and New York or by Canada and New York.

(ii) Create an Engineering Board to agree on the plan of improvement to be carried out in the International Section. Any procedure other than under Article III of the 1909 Treaty would involve Congressional approval. To avoid complications definite plans agreed upon must be submitted to the International Joint Commission. The plans presently proposed by N.Y. State and Ontario do not include features considered essential, having in mind the adequate protection of down river interests.

(iii) A decision by the Canadian Government as to whether the Power Works in the International Rapids Section would be built by Canada or Ontario. If the latter, then the necessary legislation would have to be prepared to give the Province the right to carry out such a development. Also, the respective rights of Canada and the Province would have to be defined to take care of any approval of plans, etc. entering into the design and construction of the Project.

(iv) Submission for approval to the IJC of the plan proposed and agreed upon by the Engineering Board discussed in Subsection (ii) above.

(v) Organization of necessary Engineering and Administrative Staffs to carry out the proposed works.

3. *Time Element.* From statements recently made by the Chairman of the Ontario Hydro Electric Power Commission there appears to be little doubt that in order to avoid a serious shortage of hydro electric power in Ontario, power from the International Rapids Section should be available by December, 1956, at the latest. Such

a power shortage would result in the need for the construction of additional steam plants with consequent higher power costs. Assuming assent of the U.S. is obtained by July 1st to proceed with the construction of an "All Canadian Waterway", it is estimated that the earliest date power might be available is December 1957 based on the following time schedule:

(i) Negotiations with U.S. leading to creation of Engineering Board, including preparation of terms of reference to such Board—4 months

(ii) Deliberations of Engineering Board and preparation of applications to IJC—8 months

(iii) Deliberations of IJC including the necessary public hearings, preparation of report, including conditions, etc. — 1 year

(iv) Construction period required to bring in first block of power from International Section—4 years, 6 months

(v) Preparation of legislation, legal studies and setting up of the necessary Administrative and Engineering Organizations (possibly a Crown company under the Department of Transport to construct and operate the navigation facilities and to be self-supporting) required for carrying out the work estimated to require from 1 year to 18 months, would have to be carried on simultaneously with the period devoted to the studies of the Engineering Board and deliberations of the IJC—6 years, 6 months

4. Obviously, the times allowed in the above schedule for the various stages preliminary to start of construction may vary considerably from those estimated but it certainly would be impossible to shorten the total time by any great amount. Even with a decision made by July 1st, an accelerated programme of construction of the "Power" and "Common" works will be required and availability of materials and labour must be assured if power is to be made available by December 1957. Even if the "Navigation" works are proceeded with at the same time as the "Power" and "Common" works, through navigation could not be available before the spring of 1959.

5. *Costs.* A comparison of estimated costs of the 1941 Project and the "All Canadian Waterway", based on December, 1950, prices, is given below:

(i) *First Cost to Complete*	With 1941 Project	All Canadian Waterway
Chargeable to Navigation		
Canada	$ 60,374,000	$245,083,000
U.S.	324,062,000	90,288,000
	$384,436,000	$335,371,000
Chargeable to Power		
Ontario	159,853,000	201,338,500
New York	159,853,000	201,338,500
Totals	$704,142,000	$738,048,000

(ii) *Estimated Annual Capital Expenditures required by Government of Canada based on tentative six year construction programme*

1st year of construction	$ 6,994,000	$ 17,120,000
2nd year of construction	16,002,000	32,490,000
3rd year of construction	30,039,000	46,400,000
4th year of construction	40,319,000	56,619,000
5th year of construction	49,416,000	66,376,000
6th year of construction	30,105,000	39,730,000
Total	$172,875,000	$258,735,000
To be paid to Canada		
By Ontario	112,501,000	
By Ont. & N.Y.		13,652,000 *
Net Capital Expenditures for Navigation	$ 60,374,000	$245,083,000

(iii) *Estimated Annual Charges — On new Works for Navigation Only* — (interest rate 3%).

Including interest on total cost (including interest during construction) depreciation, operation and maintenance.

Works below Lake Erie		
Canada	$ 4,130,000	$ 10,700,000
U.S.	9,700,000	50,000
Total	$ 13,830,000	$ 10,750,000
Works above Lake Erie		
U.S.	2,910,000	2,910,000
Grand Total	$ 16,740,000	$ 13,660,000

* It has been assumed that with the "All Canadian Waterway" Ontario and New York will be charged with the cost of improving the International Section for "Power Alone". The saving effected by improvement for "Navigation and Power Combined" is estimated at $13,652,000 and it is therefore assumed that this amount will be paid to Canada by Ontario and New York.

6. The assumptions made in arriving at the division of cost as between Canada, United States, Ontario and New York State are given in Appendix A.

7. The total cost to Canada, chargeable to navigation, will be increased from that shown above by any amount Canada pays Quebec on account of "Common Works" already constructed in the Soulanges Section (Beauharnois Development). Based on the Agreement made in 1941 this additional cost to Canada would be $7,972,500. Canada's cost would be further increased if it should be decided to pay Ontario anything on account of similar "Common Works".

8. *Economics.* Based on a report prepared by the Economic Research Division of the Department of Trade and Commerce on the St. Lawrence Waterway in relation to the Canadian economy, the annual savings in transportation costs on potential traffic on the Waterway are estimated at $48,000,000 as shown on Table I. More important even than these savings is the fact that the opening of the Waterway would have the immediate effect of increasing the sale of Labrador iron ore by at least 10,000,000 tons annually over the volume that would otherwise obtain, by opening markets that now cannot be reached economically by any alternative route. In addition to these savings, there are other and greater benefits which cannot be measured in dollars — value of Waterway for defence — economy resulting from

cheaper iron and steel — stimulus to industrial expansion and a greater national income, with increased production of iron ore as an outstanding example.

9. An estimate of the potential traffic on the Canal System of the St. Lawrence Waterway, prepared for the study referred to above, is given on Table II. This shows a total annual potential movement for the St. Lawrence Canals of about 45,000,000 tons. This estimate is based mainly on traffic actually moving over existing routes in 1947, with an additional allowance for Labrador iron ore.

10. *Tolls.* The annual savings in transportation costs are estimated at $48,000,000 while the annual charges applicable to navigation with the 1941 Project are estimated at $16,740,000 and with the "All Canadian Waterway" at $13,660,000. The amounts of these totals chargeable to the works below Lake Erie are $13,830,000 and $10,750,000 respectively. A hypothetical schedule of tolls and revenues from this latter portion of the Waterway, based on the study of the Research Division of the Department of Trade and Commerce referred to above, is given on Table III and shows a prospective annual toll revenue of $14,194,000. This is more than sufficient to meet the annual charges on this portion of the Waterway — either with the 1941 Project or the "All Canadian Waterway". Very minor unit toll charges on the traffic through the Sault Canals (over 90,000,000 tons per year) would cover the annual charges in the part of the Waterway above Lake Erie, estimated at $2,910,000 per year.

11. *Material and Labour Requirements.* The construction of the Waterway Project, exclusive of Power house machinery and equipment, will require the use of certain critical materials as shown in the following Table:

Material		United States	Canada
Reinforcing Steel	— tons	36,000	34,200
Structural Steel	— tons	68,600	40,000
Copper	— tons	2,200	2,200
Cement	— bbls.	3,780,000	3,850,000
Lumber	— MBM	48,700	70,000

12. The use of these materials will be spread over five or six years. In so far as Canada is concerned, the total average annual steel requirements would be a little more than 2% of the present total annual Canadian consumption, and the average annual cement requirements would be about 4% of the present total annual use. The abandonment of plans for proceeding with the Waterway Project would not result in a saving in the use of all the critical materials noted above as alternative power developments will be necessary.

13. Based on an accelerated construction schedule designed to complete the total Project in five years, it is estimated that it would require an approximate average of about 15,000 American and Canadian workmen on the job. Of these an average of 9,500 would be employed on the Canadian side of the International Boundary.

14. *Montreal Harbour and St. Lawrence Ship Channel.* The completion of the St. Lawrence Waterway Project will advance the date on which extensive work in the River below Montreal will be required in order to provide for future expansion of the facilities in Montreal Harbour. This is under study at the present time by an

Engineering Committee set up by the Department of Transport. This Committee has not reported to date but it is understood that the plan under consideration is such that the works required could not be constructed until the power resources in the Lachine Section of the River are developed. Also, until the Committee reports, the cost of the proposed works is not known but it is believed the cost of the works in the immediate vicinity of the Harbour of Montreal will be between $75,000,000 and $100,000,000.

[APPENDICE A/APPENDIX A]

ASSUMPTIONS MADE AS TO DIVISION OF COST OF WATERWAY

The 1941 Canada-U.S. Agreement provides for the division of the task of construction of the works required to complete the Waterway as between the two countries. There is not, however, any agreement providing for the division of cost of the "All Canadian Waterway" or of the division of cost of either Project as between Canada and Ontario. The following assumptions in this regard have been made in setting up the cost data shown in Table I.

(a) *In all cases.*

The cost of improvement for "Navigation Alone" in the Lachine Section has been used in all cases. If a joint navigation and power project is adopted, the cost to navigation should be reduced.

(b) *With 1941 Joint Project in International Section.*

(i) Division between Canada and U.S. as provided for in 1941 Agreement.

(ii) Ontario's costs to be based on same percentage division of cost of "Common" works as provided for in 1941 Agreement.

(iii) New York's costs to be same as those of Ontario.

(c) *With "All Canadian Waterway".*

(i) Canada will pay for the works in the Canadian Section of the St. Lawrence River and the deepening of the Welland Ship Canal.

(ii) U.S. will pay for the necessary widening of the Thousand Islands Section and the works in the Upper Lakes Channels.

(iii) New York State and Ontario will each pay 50% of the cost of improving the International Rapids Section for "Power Alone".

TABLE I

SUMMARY OF MINIMUM WATERWAY ECONOMIES IN TRANSPORTATION[a]

Commodity	Volume short tons	Saving Per ton $	Total Saving $
Upbound			
Iron ore Labrador	10,000,000[b]	.47	4,700,000
Paper	850,000	2.84	2,414,000
Woodpulp	300,000	3.45	1,035,000
Pulpwood	865,000	1.03	891,000
Lumber	375,000	.96	360,000
Coal	1,000,000	.96	960,000
All other	2,000,000	.96	1,920,000
Downbound			
Coal to St. Lawrence	3,000,000	1.41	4,230,000
Coal to Lake Ontario	3,600,000	.20	720,000
Grain to St. Lawrence	8,200,000	1.58	12,956,000
Grain to Lake Ontario	1,900,000	.30	570,000
Flour etc. from Lakehead	1,000,000	1.72	1,720,000
Flour etc. from Lakes	1,200,000	.47	564,000
Iron and steel	1,586,000	1.10	1,745,000
Autos and parts —			
from Detroit-Windsor	740,000	14.74	10,908,000
from Lake Ontario	50,000	4.76	238,000
Fertilizers	75,000	1.11	83,000
All other	2,000,000	.81	1,620,000
Total			47,634,000

(a) Includes consideration of all traffic using any part of the waterway between Montreal and the Lakehead, whatever the country of origin or destination. Attempts to determine the portions of the savings accruing ultimately to Canadian, United States, or overseas nationals have proven inconclusive because in each case the determining factors may change with changes in demand and supply.

(b) It is estimated that not much more than 10,000,000 tons a year would move inland by alternative routes without the Waterway, and that completion of the Waterway would permit the same tonnage to move by this route at the indicated saving in transportation costs before payment of tolls. More important than this saving, as far as ore production is concerned, is the fact that the Waterway would open new markets further inland that would take at least another 10,000,000 tons annually at once, and probably considerably more in the course of time.

(Based on similar table in report on "St. Lawrence Waterway and the Canadian Economy" prepared by the Economic Research Division of the Department of Trade and Commerce, January 1951).

TABLE II

ESTIMATE OF POTENTIAL TRAFFIC ON THE CANAL SYSTEMS OF THE WATERWAY

– THOUSANDS OF SHORT TONS OF FREIGHT –

	St. Lawrence	Welland	Sault Ste. Marie
Downbound			
Wheat	6,000	7,000	10,000
Other grain	2,200	3,100	3,300
Flour and mill products	2,200	1,900	1,000
Iron ore			60,000
Iron and steel	1,586	1,000	126
Pulpwood		114	793
Soft coal	3,000	4,123	
Coke	200	48	32
Petroleum and products	50	1,687	4,000
Autos and parts	790	740	
Fertilizer	75	75	
All other	2,000	1,500	1,000
Total down	18,101	21,287	80,251
Upbound			
Iron ore	20,000	19,000	345
Paper		850	980
Woodpulp	300	300	
Pulpwood	865	690	
Lumber	375	100	
Hard coal	500	56	343
Soft coal	500	30	15,500
Petroleum and products	1,014	475	476
All other	2,000	1,500	2,000
Total up	26,404	23,131	18,664
GRAND TOTAL	44,505	44,418	98,915

(From "St. Lawrence Waterway and the Canadian Economy" prepared by the Economic Research Division of the Department of Trade and Commerce, January 1951).

TABLE III

A HYPOTHETICAL SCHEDULE OF TOLLS AND TOLL REVENUE FOR THE ST. LAWRENCE CANALS OF THE WATERWAY

(Prepared for Illustrative Purposes only)

– in thousands of Canadian dollars –

	Prospective Cargo Volume	Saving Per Ton	Toll Per Ton	Prospective Toll Revenue
	000 short tons	$	$	$000
Downbound				
Wheat	6,000	1.58	.23	1,380
Other grain	2,200	1.58	.23	506
Flour and mill products	(1,000	1.72)	.45	990
	(1,200	.47)		
Iron and steel	1,586	1.10	.45	714
Soft coal	3,000	1.41	.23	690
Coke	200	1.41	.23	46
Petroleum and products	50	nil	.45	23
Autos and parts	(740	14.74)	.75	593
	(50	4.76)		
Fertilizer	75	1.11	.45	34
All other	2,000	.81	.75	1,500
	18,101			6,476
Upbound				
Iron ore	20,000	.47[a]	.23	4,600
Paper	850	2.84	.45	383
Woodpulp	300	3.45	.45	135
Pulpwood	865	1.03	.23	199
Lumber	375	.96	.45	169
Hard coal	500	.96	.23	115
Soft coal	500	.96	.23	115
Petroleum and products	1,014	nil	.45	456
All other	2,000	.96	.75	1,500
Vessels in ballast[b]	—		.23	46
	26,404			7,718
Grand Total	44,505			14,194

[a] See note (b), Table I.

[b] It is suggested that upbound vessels in ballast be charged a toll per short ton of deadweight (carrying) capacity, but that downbound vessels in ballast be charged no toll, as a measure aimed not at producing revenue but at encouraging more efficient use of canal capacity.

(Based on similar table in report on "St. Lawrence Waterway and the Canadian Economy" prepared by the Economic Division of the Department of Trade and Commerce, January 1951).

783. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 31, 1951

. . .

ST. LAWRENCE SEAWAY AND POWER PROJECT

21. *The Prime Minister* reported that, on July 26th, 1951, the U.S. House Public Works Committee had shelved the St. Lawrence seaway resolution by a vote of 15 to 12. Although advocates of the project in the United States had indicated that they would attempt to have the matter reconsidered before Congress recessed in September, there seemed very little likelihood that this could be brought about.

Consideration should now be given to the desirability of Canada proceeding alone with the construction of the seaway or, alternatively, of obtaining U.S. consent to the power project being proceeded with independently by the Province of Ontario and the State of New York on the understanding that Canada would undertake construction of the seaway at a later date.

(Memorandum, Under-Secretary of State for External Affairs, July 31, 1951, Privy Council memorandum, undated.)†

22. *The Minister of Trade and Commerce* said he had received a communication from the Chairman of the Ontario Hydro Electric Power Commission stating that the Province of Ontario was in a position to assume complete financial responsibility for the power development project if it were found impossible to proceed at this time with the joint seaway-power development. In view of the negative action taken by the U.S. Congressional Committee and because of Ontario's apparent desire to proceed at all cost, it might now be advisable to revise the federal-provincial cost sharing assumptions on which the 1941 proposals had been based. From information now available, it seemed clear that, even if the Province of Ontario assumed complete financial responsibility for the power development, including the diversion of navigable channels and canals which would be made necessary by such power development, it would still be possible to provide a considerable amount of electric energy at very reasonable rates.

In order to gain first-hand information respecting all the factors involved, he suggested that an ad hoc Cabinet committee be established to review the whole problem in the light of recent developments.

23. *The Cabinet*, after considerable discussion:

(a) agreed that a special Cabinet committee comprising the Ministers of Trade and Commerce, Transport and Resources and Development, review the problem of the St. Lawrence seaway and power project in the light of recent developments; and,

(b) deferred decision on any further action to be taken pending a report by the special committee.

784. DEA/1268-D-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 3, 1951

ST. LAWRENCE SEAWAY

As you suggested, I have discussed with Norman Robertson the present state of this subject.

2. He believes that the chief purpose of the special Cabinet committee which has been established, consisting of Mr. Howe, Mr. Chevrier and Mr. Winters, is to allow Mr. Howe to cross-examine the experts on a number of engineering and financial questions. The committee is to meet for the first time next Tuesday, the 7th August. Since Mr. Winters will be on holiday, only two Ministers will be present, according to the present arrangements. Mr. Robertson thinks that it would be advisable for you to attend the meeting and he feels sure that this would be more than agreeable to your colleagues. He suggests that you get in touch with Mr. Chevrier (who is making the arrangements) or, alternatively, that you ask him to do so. Perhaps you would let me know what you decide on this point, so that in any event I can inform Mr. Robertson.

3. It would seem that Mr. Howe wishes to investigate whether there is not room to transfer some of the costs which have hitherto been considered as jointly attributable to the power and navigation aspects of the scheme to the power side exclusively. This would, of course, have the advantage of reducing the commitment of the Federal Government. It would also permit some delay in initiating the navigation development, since the province of Ontario and the state of New York could be told that they could proceed with the power development, if they also proceeded with some of the common works and build them in such a way as to enable them to be linked to the seaway when it was built. Mr. Robertson believes that Mr. Howe, although in favour of building an all-Canadian seaway, would like to postpone construction for a year or two. You will not need to be reminded that the power development can hardly be delayed if the expected shortage in the province of Ontario is to be met. However, the engineers estimate that the time needed for constructing the seaway will be considerably shorter than that needed to construct the hydroelectric installations. For this reason, there is conceivably some opportunity for delaying the seaway, even if the Administration in Washington exact from us a pledge to go forward with it.

4. It was decided at the Cabinet meeting on Tuesday that no Government statement on this subject should be made until there had been an opportunity for a high level discussion with the United States authorities. The Prime Minister has told Mr. Robertson that he would be willing to go to Washington in order to take up this matter with Mr. Truman some time later this month after he has come back from the west. However, he has not yet made a decision. On other grounds as well, I

gather that he would like to see Mr. Truman. It is now some eighteen months, I think, since they last met.

D.V. LEPAN

785. 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-1568 Ottawa, August 4, 1951

SECRET. IMMEDIATE.

ST. LAWRENCE SEAWAY

Following for Matthews from Pearson, Begins: Bliss came to see me this morning at his request to enquire whether there were any recent developments here of which he should be aware before attending the meeting at the White House next Monday. He did not know what the purpose of this meeting was but he suspected that the White House might be intending to propose some new stratagem for obtaining Congressional approval of the joint scheme.

2. He wanted, in particular, to be sure no decision had yet been taken here to go forward with an all-Canadian navigation scheme. I assured him on this point and added that it would be some little while before the examination by Cabinet of the problem (which must precede a decision) would be complete. On the other hand, I stressed that we could not defer this enquiry, even if the White House had some new wrinkle to propose for securing Congressional approval. We had all along preferred the joint scheme and would still prefer it. But we could not live on hope indefinitely; and we were now virtually convinced that Congressional approval could not be obtained this year. Moran, who was with me, underlined the importance of beginning the power development with the least possible delay in view of the anticipated shortages in Ontario. Bliss was somewhat inclined to think that pressure for the development of the St. Lawrence was confined to Ontario. I indicated, however, that from recent surveys which I had seen there seemed to be a very high degree of unanimity on this subject throughout the country.

3. Bliss gave it as his personal opinion that, although it would cause Mr. Truman some political difficulty, he would be unable to oppose a request from Canada for permission for Ontario and New York State to go ahead with the power development and for the Canadian Government to construct a deep waterway on the Canadian side. I suggested that, conceivably, such a project might be handled in two stages. The hydro-electric scheme might be begun as soon as the International Joint Commission had given its consent, whereas a year or two more might elapse before a start was made on the deep waterway on the Canadian side. This suggestion was advanced very casually; but you should know of it since, conceivably, Bliss may mention it in Washington.

4. The Cabinet committee which has been set up to consider this subject will meet on Tuesday afternoon, the 7th August. I should be grateful to receive your report of the meeting at the White House by Tuesday noon at the latest. Ends.

DEA/1268-D-40

786.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-3036 Washington, August 7, 1951

SECRET. IMMEDIATE.

Reference: EX-1568 of August 4th.

ST. LAWRENCE SEAWAY[98]

Following for Pearson from Matthews, Begins: Haselton arranged a meeting with Murphy and Bell at the White House yesterday afternoon in order to let us know in a general way their estimate of the prospect of securing Congressional approval of the project at this session, and to explore informally what might be done, failing approval, to advance the project either as a separate power development or as a power development coupled with an all-Canadian seaway. Assistant Secretary of Commerce Davis, who has been primarily responsible for co-ordinating the administration's efforts with Congress, and Don Bliss were also present. Cox and I attended from the Embassy.

2. Davis assured us that the administration is still hopeful of securing Congressional approval at this session. He said that a new bill would shortly be introduced in the House and that prospective changes in the composition of the House Public Works Committee might make it possible to have the bill reported favourably. They are also hopeful of holding hearings in the Senate Foreign Relations Committee, either as a separate bill, or as an amendment to the Mutual Security Bill (as proposed by Senators Wiley, Aiken and Moody), before the end of this month. In view of this, therefore, Davis considers that the picture in Congress will at least have cleared by the middle of September. However, he agreed that approval in committee is still far short of Congressional approval as there would still be several obstacles to hurdle. However, he still definitely considers that there is a possibility of Congressional approval this year.

3. On the other hand, Murphy and Bell were obviously not even as optimistic as Davis. They mentioned various stumbling blocks including the difficulty of obtaining conference agreement if the bill were attached to the Mutual Security Bill, as has been suggested in the Senate. (Such amendment might not be permissi-

[98] Note marginale :/Marginal note:
Aug 7 Copies handed by L.B.P[earson] to Mr Howe, Mr Chevrier, Mr Robertson L.B.P[earson]

ble in the House because of House rules on "germaneness".) Murphy said that the administration's first preference was the joint project but they also felt that the important thing was to get the seaway built. They seemed prepared to discuss the possibility of a separate development of the two aspects of the project by stages, but pointed out, first, that proponents of the seaway in Congress were opposed to separate power development because they feared the loss of the support for the combined project which came from the more obvious need for power, and secondly, that the President was strongly and publicly committed to the combined project or nothing. Furthermore, it would be difficult and complicated to work out an arrangement which would provide for the construction of the power works on the United States side without federal funds and which would, at the same time, fit in with the administration's public power policy. However, Murphy thought that if Congressional approval of the whole project could not be obtained, it would be useless to seek approval of funds from Congress for a federal power development. The alternative would be Federal Power Commission approval of New York State development subject to conditions, in the license, protecting other states. On account of his public statements saying he was in favour of a seaway and power development or nothing, Murphy said that the President would obviously have to have something in the way of a commitment by Canada to undertake the seaway within some reasonable period before he would be able to support a reference of a separate power scheme to the International Joint Commission or its approval by the Federal Power Commission. Moreover, such a commitment would help to satisfy the proponents of the seaway in Congress if the power aspect were to be developed first.

4. The nature of such a commitment was, of course, only briefly explored. Bliss suggested that perhaps a simple public statement of policy by the Canadian Government would suffice. However, Murphy appeared to think that something more, in the way of an exchange of notes or even an "executive agreement", would be preferable.

5. Separate power development by Ontario and New York would evidently introduce certain problems on the United States side which might result in delay. Unless a suitable agreement on the ownership and control of the United States power works could be reached, Davis considered that Congress might take affirmative action to block power development on the St. Lawrence by New York State on the ground that it struck at the public power policy in this country. Murphy and Bell did not seem to take this quite so seriously, thinking the opposition could be satisfied by conditions in the authority given to New York, but they pointed out that the drafting of suitable conditions might take time.

6. The possibility that Congressional approval of United States participation in the seaway might be obtained after the power project had been begun, but before the seaway was undertaken, was also suggested. I said that I would refer this suggestion to you and that in my personal opinion approval of such participation might be possible before work had commenced on the seaway, but that it was unlikely that we would be prepared to accept a change in plans after any extensive (and expensive) preparations for construction of an all-Canadian seaway had begun.

7. Murphy and Bell, by constant questions as to the possibility of Canada commencing construction of the seaway alone, and undertaking to do so at an early date, gave the impression that in their opinion the President would approve New York Development of the power if we could give such an undertaking. Asked what delays might arise if the Canadian Government decided to proceed alone, I said there inevitably would be delays arising from the change of route and there might be further delays owing to scarcity of men and materials.

8. Bell then said he was convinced that the United States would give every assistance in granting us priorities in materials, might be able to assist us in finding men and, if the U.S. dollar content of the project was a stumbling block, could help us finance the project by loans from the Export-Import Bank. They said that, after studying the problem and endorsing it as an urgent defence requirement, Defence Mobiliser Wilson had undertaken to provide for the joint project, whatever priorities would be necessary to ensure that adequate materials would be available. In view of the statements by Wilson and Secretary of Defence Marshall before the House Public Works Committee, I think that there would be no difficulty in obtaining whatever cooperation is required. Moreover, if the United States want a firm undertaking by Canada to build the seaway within a reasonable period before proceeding with a separate power development, we would undoubtedly be able to obtain firm assurances of whatever assistance or cooperation we would require.

9. I said that the Cabinet Committee and the government would be studying this problem fully and would probably have to reach a decision in anticipation of a full discussion in the House of Commons when Parliament reassembles early in October. Meanwhile, it appears that the administration's efforts to obtain Congressional approval will continue and a clearer picture, which should be more conclusive than a vote merely in the House Public Works Committee, will probably emerge before the end of September. It was agreed that in the meantime it would be better to avoid any public statement of a Canadian decision to build the seaway alone.

10. While the discussion was somewhat rambling and not very conclusive, it was interesting to note that Murphy and Bell of the White House did not, repeat not, seem very hopeful of securing Congressional approval of the project at this session. Nor did they appear to entertain seriously the prospect of continuing the attempt to obtain approval at the next session. On the other hand, they did seem prepared to recommend to the President a separate project provided there could be some assurance that the seaway would be undertaken within a reasonable period. They undertook to explore what sort of arrangement they would like to make with us in this respect. I think that another such discussion could be useful in a couple of weeks or so. If you concur, I would appreciate having your views as to what direction such a discussion should take. Ends.

787. PCO/Vol. 207

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

SECRET Ottawa, August 15, 1951

ST. LAWRENCE SEAWAY PROJECT

The ad hoc committee recently appointed by Cabinet to look into the possibility of going ahead with an all-Canadian seaway development, held a meeting on Tuesday, August 7. The meeting was attended by Mr. Howe, Mr. Chevrier, Mr. Abbott and Mr. Pearson. Representatives of the Departments of Transport, Resources and Development, Trade and Commerce, Finance and External Affairs were also present for part of the meeting.

After considering the problem and estimates of the costs involved, the Committee was of opinion that the division of cost between navigation and power on which the 1941 agreement was predicated should be abandoned. The power shortage in Ontario is becoming increasingly acute so that even if that province assumed full financial responsibility for many of the so-called common works, the cost of power to be developed would still be very reasonable. In the light of the recent shelving of the St. Lawrence project by the U.S. House Public Works Committee, there seemed little likelihood that the seaway could be proceeded with during the next few years unless Canada took action alone. If this course were adopted, the proportionate financial burden on the Federal government would obviously be heavier than under the joint project even if no account is taken of the fact that the total costs of the all-Canadian route are estimated to be approximately $34 million greater than those of the joint U.S.-Canada route.

It was agreed that the Government of Ontario might be asked informally whether it would be willing to assume with New York on a 50/50 basis all expenditures involved in the power development of the International Rapids, including the cost of canals and locks required for *14 foot navigation* and of channelling required in the river bed to allow for *27 foot navigation*. The total cost of providing for the power development and the maintenance of 14 foot navigation, without considering the seaway, would be $381.8 million. This would involve, of course, the construction of 14 foot canals and locks around the dams and certain hydraulic channelling of the river bed. Insofar as the canal and locks are concerned, the Committee felt that Ontario and New York should not be asked to assume more than the cost of providing for 14 foot navigation, but that since the river bed would in any case have to be channelled for hydraulic purposes, Ontario and New York should assume the cost of providing a channel which would serve the needs of both power and deepsea navigation. It is estimated that a deepsea channel of this sort would cost approximately $21 million more than a purely hydraulic channel. On this basis, the total cost to Ontario and New York (to be shared on a 50/50 basis) of

developing the International Rapids section, would be $402.7 million and the net cost to the Federal Government for the same section $105.9 million.

The Committee agreed that Mr. Howe and Mr. Chevrier should see Mr. Saunders the following day to obtain his concurrence in the proposal outlined above. It was thought that, as a first step it should be ascertained whether Ontario would agree to the proposed allocation of costs for the International Rapids section. If Ontario proved ready to cooperate on this basis, then the Province of Quebec should be approached with a view to seeking its concurrence in a joint seaway and power development at Lachine. It was pointed out that the seaway at Lachine could be proceeded with alone at a cost to the Federal Government of $98.2 million. If, however, Quebec agreed to develop power concurrently and to accept the method of allocating costs as between power and navigation which it was expected would be acceptable to Ontario, then the cost to the Federal Government might be reduced as low as $53 million. The cost to Quebec is estimated to be $235 million for the development of approximately 1.2 million horsepower. It was felt that Quebec would be anxious to develop power at Lachine if the seaway is proceeded with, since the cost of power to the province would be increased substantially if the seaway were proceeded with now and power developed later. I am not sure, however, that it will be possible to obtain Quebec's approval on the suggested division of costs. It seems more likely that a compromise may have to be worked out whereby the cost to the Federal Government would lie somewhere between $53 and $98 million and the cost to Quebec reduced by the same margin.

The allocation of costs for the whole project on the basis outlined above (not taking into account harbour improvements and work which would have to be done on the lower St. Lawrence) would be as set out hereunder:

DIVISION OF COSTS

(all figures in millions of dollars at price level of December 1950)

	Can.	Ont. Que. N.Y.	U.S.
			90.3[1]
Upper Lakes and Thousand Islands improvements			
Welland Canal	1.3[2]		
International Rapids			
Power		402.7[3] (Ont. and New York)	
Navigation	105.9[4]		
Lake St. Francis	2.5		
Soulanges	37.1		
Lachine[5]			
Power		235.0 (Que.)	
Navigation	53.0		90.3
	199.8	637.7	

(1) This work, which is not urgent, will probably be undertaken by the United States.

(2) Control levels of Welland are now 24 feet. Deepening to 27 feet need not be undertaken in the immediate future.

(3) To be borne on a 50/50 basis by Ontario and New York. The cost of providing power and 14 foot navigation would be $381.8 million. The figure of $402.7 million includes the cost of a river-bed channel navigable by deepsea shipping as opposed to the purely hydraulic channel included in the $381.8 million.

(4) This is a net total. It excludes the $13.6 million to be paid to the Federal Government by Ontario and New York due to elimination of necessity to provide for 14 foot canal and locks. Also excluded is the expenditure of $20.9 million, representing the difference between the cost of a purely hydraulic river-bed channel and a navigable 27 foot channel, which it is suggested should be borne jointly by Ontario and New York.

(5) These figures do not include the cost of the proposed railway tunnel under the river. If power is not developed concurrently at Lachine, it is estimated that the seaway in this area will cost $98.2 million.

The figures set out above are based on the assumption that both the seaway and the power developments can be proceeded with more or less concurrently. If power is developed first and the seaway later, the net cost to the Federal Government of a deep seaway in the International Rapids section would be approximately $14 million greater. This is illustrated in the comparative table set out hereunder:

	International Rapids		
	Power alone*	Extra for Navigation	Total
Power alone	381.8	—	381.8
Combined power & navigation	381.8	126.8	508.6
Power first: navigation later	381.8	140.9	522.7

* half to be borne by New York.

Although it was agreed that an understanding with Ontario should be sought before approaching the Province of Quebec, it was pointed out that there was some urgency in seeking Quebec's approval since that Province was now planning additional power developments which might be either at Beauharnois or on the Ottawa river rather than at Lachine. However, if the seaway were to be proceeded with, the Province of Quebec might think it advisable to develop Lachine first. If and when concurrence is obtained from the governments of Ontario and Quebec, it was suggested that the U.S. administration should then be approached with a view to obtaining its approval in order that the required authorizations might be given to the State of New York. If all these negotiations are successful, it is suggested that appropriate steps be taken to terminate the 1941 agreement.

Insofar as financing is concerned, it was thought that this had best be done through the issue of debentures by some suitable body corporate to be established by the Federal Government for the purpose. As you know, it was suggested some time ago by the Interdepartmental Committee that the annual charges arising out of the seaway could be met by the imposition of tolls on a relative modest scale.

The question of tolls is one which was touched on only briefly during the discussion at the Cabinet Committee meeting but which, I think, should be considered rather carefully. It seems clear that the greater proportion of these tolls, if established, would be paid by U.S. rather than by Canadian shipping. The various cost elements set out above do not include harbour improvements and other works which will probably be necessary in the lower St. Lawrence. No detailed estimates are yet available as to what these costs might be nor what proportion of them might properly be chargeable as part of the real costs of the seaway, but it is believed that the cost of the works in the immediate vicinity of the harbour of Montreal alone would be between $75 and $100 million. It seems to me that the toll system should be made to bear as much of the annual charges on the total capital expenditures involved (including harbour and channel developments) as is consistent with sound transportation economics. Furthermore, there would seem to be a better chance of successfully establishing an adequate toll rate now rather than to establish first a low rate and then attempt to increase it at a later date.

I thought that Mr. Howe and Mr. Chevrier would wish to report on their discussion with Mr. Saunders at today's Cabinet meeting. I now find, however, that both are absent from Ottawa. You might nonetheless find the above information useful.

N.A. R[OBERTSON]

788.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

. . .

[Ottawa], August 22, 1951

ST. LAWRENCE SEAWAY AND POWER PROJECTS; CURRENT DEVELOPMENTS

3. *The Minister of Trade and Commerce*, referring to discussion at a meeting of July 31st, 1951, said that, following examination of proposals for the all-Canadian St. Lawrence seaway by the ad hoc Cabinet committee established for the purpose, he and the Minister of Transport had spoken with the Chairman of the Ontario Hydro-Electric Power Commission and had suggested that the Province of Ontario assume all costs involved in the power aspect of the development, including maintenance of 14 foot navigation and dredging required up-stream from the dams. Mr. Saunders had indicated that the Ontario government would accept such a proposal in view of the shortage of power and because, even with this suggested division of costs, it would still be possible to produce a considerable quantity of relatively cheap power.

4. *The Prime Minister* mentioned that he had had verbal agreement from Mr. Frost to the proposal put to Mr. Saunders by Mr. Howe and Mr. Chevrier.

5. *Mr. Howe* suggested that the next step might be to ascertain whether the Province of Quebec would be prepared to consider developing power concurrently with the seaway in the Lachine area. It might be desirable to ask Mr. R.A.C. Henry to

discuss this matter with Mr. Potvin, the President of the Quebec Hydro-Electric Commission.

6. *Mr. St-Laurent* felt that it would be desirable for the Minister of Trade and Commerce to speak first to the Premier of Quebec outlining to him the tenor of the discussions which have taken place with Mr. Saunders and suggesting that the Lachine development might be taken up in a preliminary way as suggested.

7. *The Cabinet*, after discussion:

(a) noted the report by the Minister of Trade and Commerce on the discussions he and the Minister of Transport had had with the Chairman of the Ontario Hydro-Electric Power Commission; and,

(b) agreed that the Minister of Trade and Commerce approach the Premier of Quebec with respect to the concurrent development of power and the seaway in the Lachine Rapids area and suggest that the matter might be discussed in a preliminary way by Mr. R.A.C. Henry on behalf of the federal government and the President of the Quebec Hydro-Electric Commission.

789.

PCO/Vol. 207

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 20, 1951

LEGAL ASPECTS OF THE ST. LAWRENCE POWER NAVIGATION PROJECT

I understand that you would like to know the international legal and constitutional problems involved in the construction of an all-Canadian navigation project and a joint Ontario-New York power development.

2. The legal position might be summarized as follows:

(a) *The Canadian Constitutional Position:*

(i) *Navigation*—I understand that the Ontario authorities have approved the terms of a Canada-Ontario Agreement. The wording of this Agreement is designed to overcome any constitutional dispute or difficulty that might arise by providing that the federal and provincial governments will each do whatever is necessary within their respective jurisdictions to advance the project. Article IV of the Agreement reads:

"Canada and Ontario will enact such legislation as may be agreed upon between them as being necessary to authorize and provide fully for the construction, maintenance and operation of the works."

Article V, sub-section (1), reads,

"Subject to paragraph (2) of this Article, Canada will transfer to Ontario the administration of such lands belonging to Canada as are required for the works and such lands will belong to Ontario."

Sub-section (3) of the same Article reads in part,

"Ontario will transfer to Canada the administration of the works, such sites thereof and such lands belonging to Ontario as are required for the operation thereof, and such works, sites and lands shall thereupon belong to Canada."

Sub-section (4) reads,

"Ontario will indemnify and save Canada harmless in respect of all claims of third parties in any way arising out of the construction, maintenance or operation of the works."

The Department of Justice now considers that a similar Agreement with Quebec is not necessary and that no constitutional problem vis-à-vis Quebec and Canada arises.

(ii) *Power Development*—This will require an application by The Power Authority of the State of New York and the Ontario Hydro Commission, which will be referred by both federal governments to the International Joint Commission. The Commission's approval for the power project is necessary under the Boundary Waters Treaty of 1909. The draft Canada-Ontario Agreement provides that the Federal Government "will do all in its power, consistently with its obligations under the Boundary Waters Treaty aforementioned and the preservation of the interests of others in the St. Lawrence River, to obtain the approval of the International Joint Commission pursuant to an application to be made by Ontario in a form approved by Canada, etc." On the other hand, "Ontario will, in conjunction with the Government of the State of New York, construct, maintain and operate the works in accordance with the terms of this Agreement, etc." Federal legislation will be necessary to empower the Ontario Hydro Commission to construct and operate the project. I understand that the Department of Justice has drafted the necessary Bill.

(b) *The Position in International Law*:

(i) *Navigation*—No problem in international law arises. There is a very small portion of the work to be done on the United States side of the boundary, such as the deepening of a channel. This will not affect the level or flow of the water on the United States side but Canada will have to obtain the consent of the United States to do any work on the United States side. If the President agrees in principle to the new plan of development, and considering the fact that Canada at one time gave permission to the United States to deepen the channel on the Canadian side of the boundary in the Detroit River, this permission should not be difficult to obtain.

(ii) *Power Development*—Again there is no problem in international law. The problems that might otherwise exist are overcome in the procedure laid down in the Boundary Waters Treaty. The application of the Power Authority of the State of New York and the Ontario Hydro Commission must be submitted to the International Joint Commission by each federal government. The approval of the

International Joint Commission is necessary and its order of approval is binding upon both governments, thereby eliminating the necessity for United States Senate or Congressional approval. It is expected that the Commission will take about one year to deal with the application.

(c) *The United States Constitutional Position*:

Before the application of the Power Authority of the State of New York is transmitted to the Commission, it is necessary for that authority to obtain a licence from the United States Federal Power Commission. No difficulty is expected in this regard, particularly if the President favours the new project. He might also have to approve the application before it is transmitted by the State Department to the Commission.

The only legal question on which there is some doubt is whether the Power Authority of the State of New York has the constitutional right to construct and operate its portion of the joint power development without approval or legislation by Congress. This is a matter of United States constitutional law on which I do not feel competent, without careful and long study of United States constitutional cases, to give an opinion. I have suggested to Mr. N.A. Robertson that we should get a quicker and more authoritative answer to this if our Embassy in Washington was asked to make informal enquiries. The specific questions put to Mr. Wrong are contained in the copy of the telegram attached,† which I despatched this morning.

E. R[EID]
for Under-Secretary of State
for External Affairs

790. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 21, 1951

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ST. LAWRENCE DEVELOPMENT PROJECT; PROGRESS REPORT

13. *The Minister of Transport*, referring to discussion at the meeting of August 22, 1951, reported briefly on progress which had been made in discussions with Ontario and Quebec Hydro representatives on the St. Lawrence power and seaway project.

The Premier of Ontario and the Chairman of the Ontario Hydro-Electric Commission had agreed to a proposal respecting the International Rapids Section, under which the Province of Ontario and the State of New York would assume complete financial responsibility, on an equal basis, for all costs involved in developing power and maintaining 14 foot navigation and also in providing river bed channeling required for deep-sea navigation. A draft agreement between the governments of Canada and of Ontario to give effect to this proposal had been prepared and could be signed at any time. Copies of the draft agreement were circulated.

(Draft agreement between the government of Canada and the government of Ontario respecting the development of power in the International Rapids Section of the St. Lawrence River)†

The only reservation the Province of Ontario had in respect of this draft agreement was the provision respecting the control dam near Iroquois Point. Provincial representatives, however, fully appreciated the reasons for this provision from the federal point of view but wished to be afforded an opportunity at a later date to submit their views. Provision for making such representations had been included in the draft agreement.

During conversations between the Minister of Trade and Commerce and the Premier of Quebec, Mr. Duplessis had expressed interest in the proposed joint development of power and seaway in the Lachine Rapids area and agreed that the Quebec Hydro-Electric Power Commission should discuss the problem in a preliminary way with federal representatives. As a result, the matter had been taken up with Mr. Potvin, Chairman of the Commission, by Mr. R.A.C. Henry, on behalf of the federal government. It soon became clear, however, that a decision could not be reached in the immediate future by Quebec representatives, since no serious consideration had been given to the development of added power at Lachine for some years past. Furthermore, it should be borne in mind that the shortage of power was not nearly as acute in Quebec as it was in Ontario, and for this reason, it was anticipated that it might not be possible to conclude an agreement with Quebec on quite as favourable a basis, from the federal point of view, as was the case in respect of the proposed development in the International Rapids Section. If it were not for the proposed joint seaway-power development project, the Province of Quebec would, in all probability, not wish to develop added power at Lachine immediately, and in any event would prefer to develop the full power potential at Lachine in two stages rather than in one. On the other hand, Mr. Henry had expressed the opinion that the ultimate cost to the federal government would be approximately the same whether the seaway was developed alone in the Lachine area or whether both power and the seaway were developed concurrently. In the circumstances, the federal government might be less reluctant to proceed with an independent seaway project in the Lachine area in the event the Province of Quebec did not see fit to develop power concurrently.

14. *The Secretary of State for External Affairs* reported that, during the recent N.A.T.O. meetings at Ottawa,[99] Mr. Acheson had stated informally that Mr. Truman now held the view that, since Congress had not seen fit to consider favourably the joint St. Lawrence seaway and power project, he would be prepared now to do everything in his power to facilitate the development of an all-Canadian seaway if Canada were prepared to proceed alone. Mr. Acheson added that, if Congress were presented with the evidence that Canada had made all necessary arrangements to proceed with an all-Canadian seaway, they might wish to reconsider and approve some form of joint undertaking.

[99] Voir le document 476./See Document 476.

15. *The Prime Minister* felt that, if Congress did approve, at a later stage, of a joint undertaking, it would be preferable to proceed on that basis since the cost of the seaway would not be as great if developed on the U.S. side. On the other hand, it should be made clear that Canada was ready to proceed alone and that a joint undertaking would only be considered favourably here if Congressional approval had been obtained prior to work on the Canadian seaway being actually started.

As had been suggested at an earlier meeting, it seemed desirable, if all the necessary approvals were obtained in respect of the power and seaway development, to establish some suitable St. Lawrence seaway authority which would arrange for the financing of the federal share of the undertaking through the issue of debentures with government guarantees and would also undertake the administration of the toll system. Although it had been suggested that all, or at least some portion of the costs involved in widening and deepening the channel below Montreal and in enlarging and improving harbour facilities along the seaway, might be taken into account in fixing the toll rates on the seaway, it would seem better, on the whole, to take into account only those expenditures in the area in which the tolls would actually be collected, i.e., the St. Lawrence River between Montreal and foot of the lakes. In this connection, it should be borne in mind that it was anticipated that the United States would assume financial responsibility for the works required in the upper lakes and for this reason, it would seem preferable not to load the toll structure with costs incurred below Montreal. In so far as the application of the toll system was concerned, it would seem reasonable that the toll should apply equally to all shipping using the waterway without discrimination.

16. *Mr. St-Laurent* thought that it would be useful if he saw Mr. Truman personally and gave him a detailed report as to the progress made to date and sought his active support in obtaining whatever authorizations were required to permit the State of New York to carry out its share of the power development programme in the International Rapids Section.

17. *The Cabinet*, after further discussion:

(a) noted with approval the report by the Minister of Transport on progress which had been made in recent discussions with Ontario and Quebec representatives on the proposed joint power and waterway development in the International Rapids Section of the St. Lawrence River and the Lachine Canal area; and,

(b) agreed that the Prime Minister arrange to see President Truman in Washington, in the near future, for the purpose of outlining to him steps which have already been taken with a view to the development of an all-Canadian seaway in the St. Lawrence and of seeking the President's active support in obtaining whatever authorizations were required to enable the State of New York to carry out its share of the power development project in the International Rapids Section.

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791.

PCO/Vol. 207

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 22, 1951

ST. LAWRENCE WATERWAYS

Confirming what I said orally at the Cabinet meeting yesterday, the question of the St. Lawrence Waterways was brought up at a luncheon meeting with Dean Acheson and Stanley Woodward on Thursday. The Secretary of State has told me (and I believe that this has already been indicated to you by Woodward) that the President has now decided to take no further initiative with Congress in respect to the St. Lawrence Waterway Development. He would not, however, stand in the way of any Canadian development and would give whatever approval was necessary. This, as you know, is necessary under the Boundary Waters Treaty. Acheson said that there were only two qualifications the President would make to such approval. One, that we would not go ahead with a power development alone. Two, that no discrimination would be exercised against United States ships using the Canadian seaway.

The Secretary of State went on to express his own personal opinion that once Congress realized that the Canadian Government was going to proceed with this work on its own, their views would change and they would be anxious to facilitate United States participation. This, however, we agreed, was a problem for the future and in the meantime, as Acheson put it "Congress could be allowed to stew in its own juice" insofar as the St. Lawrence is concerned.

L.B. PEARSON

792.

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-3503

Washington, September 26, 1951

CONFIDENTIAL. IMPORTANT.

Reference; My WA-3443 of September 20th.†

ST. LAWRENCE PROJECT

The Canadian Desk at the State Department has today informed us verbally of the conclusions of the Legal Division on the questions raised in paragraph 2 of your EX-1827 of September 20th.†

(1) In the opinion of the Legal Division the New York State Power Authority has not the constitutional right to enter into an arrangement with Ontario to carry out the project until it has secured the approval of the International Joint Commission and the Federal Power Commission. For any such arrangement to be *binding and enforceable in the United States courts* the approval of Congress would also be necessary.

(2) There is no particular form which would have to be used for such an arrangement but presumably it would be in the form of an ordinary contract. In addition to the approvals required, as mentioned in answer to question 1, it would need the specific approval of the President.

(3) The Power Authority of the State of New York would only have the right to construct and operate its portion of the project after obtaining the approval of the International Joint Commission and the Federal Power Commission.

(4) Congressional approval would be given by resolution of both houses.

(5) Before the State Department transmitted an application of the Power Authority of the State of New York to the International Joint Commission, presidential approval would be required as well as a licence from the Federal Power Commission.

2. The Canadian Desk advise us that while the questions contained in your EX-1827 were extremely complicated the Legal Division considered that the answers now given are firm. They point out however that your message only refers to the possibility of meeting this problem by having Ontario and the New York State Power Authority enter into *an effective and binding* arrangement. They say that in their opinion there are other possible methods by which the problem could be solved and the feasibility of these methods is now being considered by the Legal Division of State Department. The only example of other methods mentioned was the possibility of solving the problem by an executive agreement. This however raises both political and constitutional problems and State Department is not yet ready to express any opinion as to whether this or any other line of approach is feasible.

793.

Extrait des conclusions du Cabinet PCO

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 3, 1951

ST. LAWRENCE WATERWAYS DEVELOPMENT; PRESENT POSITION

28. *The Prime Minister*, referring to discussion at the meeting of September 21st, 1951, reported briefly on conversations he had had with President Truman at the White House in Washington on September 28th on the St. Lawrence power and seaway project. He had informed the President of the very urgent need for power in Ontario and that, since there were no alternative hydro resources in that province,

Ontario might have to establish steam plants if hydraulic power were not developed in the International Section of the St. Lawrence in the reasonably near future. If steam plants were established in Ontario, the province might not be in a position to undertake subsequent hydraulic developments in the St. Lawrence for some considerable time to come. The President had further been informed that a federal-provincial agreement had been worked out between Ottawa and Toronto and that this agreement could be signed at any time. Under the agreement, the province would assume half of all the costs which would be incurred in developing power in the International Section if the seaway were not to be built. Ontario's share of the costs would thus include the cost of maintenance of 14 foot navigation and in addition of certain channelling in the river-bed required for deepsea navigation. The Province of Quebec did not need additional power to the same degree as Ontario but, in any event, the cost of building the seaway in the Lachine Canal area would not be much greater even if power were not developed concurrently, thus making it unnecessary to obtain Quebec's agreement before undertaking the overall plan. Mr. Truman had further been informed that, although Canada would prefer the joint undertaking envisaged by the 1941 agreement, mainly because it was more practical and less costly, the government had decided to proceed with the seaway alone if U.S. co-operation could not be obtained in the immediate future. It should be borne in mind, however, that a prerequisite to any seaway, either joint or all-Canadian, would be power development in the International Section. It was hoped, therefore, that, if the 1941 agreement could not be carried out and Canada proceeded with the seaway alone, the President would do everything in his power to ensure that an appropriate U.S. authority would be enabled to carry out a share of the power project. In the meantime, it was thought that the Canada-Ontario agreement should be concluded and that Ontario take immediate steps to find a suitable partner in the United States for the power phase of the development.

The President stated that he had been an ardent supporter of the St. Lawrence project ever since he became a Senator in 1945 [sic]. He would greatly prefer a joint development of the seaway, but if this proved to be impossible he would support the all-Canadian project as the most desirable alternative. He added that the threat of unilateral action by Canada might bring about agreement on the joint seaway.

At the conclusion of the talks a joint statement by the President and the Prime Minister was issued from the White House.

(Report on conversations between the Prime Minister of Canada and the President of the United States, September 28, 1951, and attached press release)[100]

29. *Mr. St-Laurent* added that, on his return to Ottawa, he had informed Mr. Saunders, the Chairman of the Ontario Hydro-Electric Power Commission of his conversations with Mr. Truman. He had gathered the impression that the U.S. administration was still somewhat vague as to the constitutional position and had not yet reached the conclusion that the State of New York should be given authority

[100] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1951*, (Washington: United States Government Printing Office, 1965), Document 240, pp. 546-547.

to develop power in the International Section of the St. Lawrence. However, Mr. Truman appeared to be genuinely aware of the urgency of the problem and would do everything in his power to ensure that some satisfactory solution were reached soon.

30. *The Secretary of State for External Affairs* reported that Mr. Saunders had thought it might be useful for him to go to Washington immediately to try and get agreement on the power aspect of the problem. He was advised against undertaking such negotiations at this time.

U.S. Representative Blatnik had introduced a new resolution respecting the St. Lawrence project in the House Public Works Committee. It was anticipated that the Committee might vote on this resolution that afternoon and, because of certain changes in the Committee's membership, there was a possibility that the vote might be favourable. However, even if the U.S. House Public Works Committee supported the Blatnik resolution, there did not appear to be much chance of Congress taking action until its next session.

(Telegrams, Canadian Ambassador to the United States, WA 3561 and 3562, October 1, 1951)†

31. *Mr. St-Laurent* said that if the U.S. House Public Works Committee supported the Blatnik resolution and further action by Congress was delayed for any considerable length of time, this might prove more embarrassing to the Canadian Government than purely negative action on the part of U.S. authorities.

In any event, it was suggested that in the Speech from the Throne for the opening of the special session of Parliament it be stated that Parliament would be asked to enact legislation to provide for an appropriate agency of the federal government to deal with construction of the St. Lawrence seaway either as an international undertaking or as a purely Canadian development, such development to begin as soon as satisfactory international arrangements could be made for the power phase of the project. The introduction of legislation of this character at the special session would be a clear indication that the government firmly intended to proceed in the immediate future with the St. Lawrence waterways development.

32. *The Cabinet*, after further discussion:

(a) noted with approval the reports by the Prime Minister and the Secretary of State for External Affairs on recent developments with respect to the St. Lawrence waterways development project; and,

(b) agreed that it be announced in the Speech from the Throne that legislation would be introduced during the special session to provide for the establishment of an appropriate federal agency to deal with the construction of the St. Lawrence seaway either as an international undertaking or as an all-Canadian project.

794.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 13, 1951

ST. LAWRENCE DEVELOPMENT PROJECT; ESTABLISHMENT OF FEDERAL AGENCY; CLARIFICATION OF LEGAL POSITION IN THE UNITED STATES

32. *The Prime Minister*, referring to discussion at the meeting of October 3rd, 1951, suggested it would be desirable to introduce in Parliament, as soon as possible, the legislation announced in the Speech from the Throne to provide for establishment of an appropriate federal agency to deal with the St. Lawrence seaway, either on an international or purely Canadian basis. This matter might be considered and reported upon at an early meeting by the Minister of Trade and Commerce and the Minister of Transport.

33. *The Secretary of State for External Affairs* quoted from a memorandum prepared for President Truman by the legal division of the U.S. State Department, prior to the Prime Minister's recent visit to the White House.[101] This set forth the legal basis upon which the Province of Ontario and the State of New York could proceed with the power development and Canada with the seaway development. It pointed out that, under the 1909 Boundary Waters Treaty, the International Joint Commission had authority to approve "uses, obstructions and diversions" on the St. Lawrence River affecting the natural level or flow of boundary waters with the authority of the United States or Canada within their respective jurisdictions. However, approval by the two governments and the International Joint Commission did not constitute an international agreement, it merely authorized the respective projects for the approval of which application had been made. Since under the 1909 Treaty the United States had the right to use on terms of equality the canal which Canada contemplated building on the Canadian side of the boundary and since under the same Treaty Canada was entitled to equal rights in the use of the boundary waters for power purposes, it would be within U.S. executive power to enter into an agreement with Canada in respect of both the seaway and power aspects of the project. In the view of the U.S. State Department, however, the executive could give no assurance that power would continue to be developed in the manner indicated by the project. Article I, section 10, of the U.S. Constitution provided that "no State shall, without the consent of Congress, ... enter into any agreement or contract with another State or with a foreign power". Consequently, in the view of the U.S. State Department, if the approval of Congress was not to be sought in connection with the St. Lawrence project, Canada would have to be content with proceeding merely on the good faith of a New York corporation and with the assurance as to

[101] Voir/See United States, Department of State, *FRUS*, 1951, Volume II (Washington: Government Printing Office, 1979), pp. 916-919.

equality now contained in the 1909 Treaty, possibly supported by executive agreement.

(Telegram, Oct. 6, 1951, Canadian Ambassador in Washington and attached memorandum)†

34. *The Minister of Trade and Commerce* did not see the necessity of a formal agreement between the State of New York and Ontario or between their respective power agencies.

35. *Mr. Pearson* thought that serious consideration should be given to the possibility, in the absence of any such formal agreement, that some legal process might be resorted to in the United States to hold up indefinitely development of the power and seaway project.

36. *Mr. St-Laurent* said that, in any event, it would be useful to introduce as soon as possible the legislation required for the establishment of the federal agency to deal with the seaway aspect of the problem.

37. *The Cabinet*, after considerable discussion:

(a) noted the report by the Secretary of State for External Affairs on the constitutional position of the United States in respect of the St. Lawrence development project; and,

(b) agreed that the Minister of Transport consult with the Minister of Trade and Commerce and submit at an early meeting legislative proposals for the establishment of a federal agency to deal with the St. Lawrence seaway project on an international basis or as an all Canadian project.

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795.

Extrait des conclusions du Cabinet PCO

Extract from Cabinet Conclusions

TOP SECRET

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[Ottawa], October 22, 1951

ST. LAWRENCE WATERWAY; LEGISLATION; ANNOUNCEMENT

9. *The Minister of Transport* said that further consideration had been given to legislation to be introduced in connection with the St. Lawrence waterway development. One possibility was to have a single piece of legislation at the present time to establish the agency to handle the St. Lawrence project. The other was to introduce two bills, one establishing the agency and the other authorizing the conclusion of an agreement with Ontario. On the whole it appeared best to have two bills.

10. *The Secretary of State for External Affairs* pointed out that, in view of the adjournment of Congress without action on the St. Lawrence agreement, it was clear that there could be no implementation of the international plan at an early date. It would be desirable, accordingly, to have an approach made to the U.S. authorities asking for co-operation in having the development carried out by Can-

ada as had been contemplated in the discussion between the Prime Minister and the President. If this was agreed, something might be included in the general statement to be made in the House of Commons on international affairs. The statement could outline the steps necessary in Canada and the United States to enable the seaway project to be undertaken by Canada alone.

A draft[102] of possible remarks was read.

11. *The Cabinet*, after discussion:

(a) noted with approval the report of the Minister of Transport and agreed that legislation to enable the execution of the St. Lawrence project be prepared along the lines indicated; the composition of the interdepartmental committee considering the legislation to include such persons as might be deemed desirable by him and the Minister of Trade and Commerce; and,

(b) agreed that the Secretary of State for External Affairs inform the House of Commons that an approach was being made immediately to the U.S. authorities to seek co-operation in the implementation of the St. Lawrence seaway development as a Canadian project.

DEA/1268-D-40

796.

Note de la Direction des Amériques et de l'Extrême-Orient

Memorandum by American and Far Eastern Division

[Ottawa], October 25, 1951

SECRET

ST. LAWRENCE SEAWAY LEGISLATION

Mr. Don Bliss of the United States Embassy telephoned this morning to say that a meeting had been held in the White House yesterday, October 24, to discuss the procedure to be followed in the United States in cooperating with us in having the St. Lawrence project carried out by Canada, as had been contemplated in the discussions between the Prime Minister and the President. Bliss prefaced his remarks by saying that officials in Washington had been "very pleased" with the Minister's statement in the House on Tuesday, and particularly with his references to the legal position in the United States. Bliss intimated that this indicated that they were prepared, in Washington, to proceed on the basis of Mr. Pearson's statement that an early beginning on the joint project could *not* now be achieved and that the United States would cooperate with us in having the seaway built by Canada alone.

2. As a result of the meeting, Mr. Charles Murphy, with the concurrence of legal advisers from other departments concerned, has now told the State Department that he is sure that arrangements can be made for participation by United States agencies in the power development without any reference to Congress. What procedure is to be followed, was not divulged. However, our cooperation has been requested, on a confidential basis, in two respects:

[102] Non retrouvé/Not located.

(1) It would be of assistance in avoiding injunction proceedings in the United States if the proposed Canadian legislations could avoid the use of the word "agreement" with respect to the United States or to New York, or to any agency of either one of them.

(2) It is particularly important to avoid any reference in our legislation to the State of New York or to any agency thereof. It would also be preferable to avoid any specific reference to federal agencies as it is not yet clear whether state or federal agencies will be involved. The White House has suggested the use of the vaguest possible terms when reference is made to the participation of the United States, such as "appropriate agencies in (not "of") the United States".

GORDON COX

797. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1951

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ST. LAWRENCE WATERWAY AND POWER PROJECT

31. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of October 22nd, 1951, proposed that arrangements be made either for the committee drafting legislation on the St. Lawrence project, or officials of the Departments of External Affairs and Transport, to recommend how the U.S. Administration should be approached with a view to obtaining its co-operation in having the project carried out by Canada. He thought that steps should be taken to associate the Chairman of the Commission with current interdepartmental discussions regarding the waterway.

32. *The Prime Minister* felt that, while General McNaughton would not wish to have any official connection with the interdepartmental bodies concerned, it would be well to have him kept fully informed of developments and Canadian views.

33. *Mr. Chevrier* pointed out that there was a question on the order paper in the name of Mr. Balcom as to the estimated costs, revenues and effects of the waterway which it appeared undesirable to answer at this time.

34. *The Cabinet*, after further discussion, noted the comments of the Secretary of State for External Affairs and the Minister of Transport and agreed that:

(a) the committee preparing legislation on the St. Lawrence project or officials of the Departments of External Affairs and Transport prepare recommendations as to how the U.S. Administration should be approached to obtain its co-operation in having the project carried out by Canada;

(b) steps be taken to keep General McNaughton fully informed of developments and Canadian views in connection with the project, other than as a member of interdepartmental bodies concerned; it being noted that the Minister of Transport,

and the Prime Minister at a later date, would discuss the project with General McNaughton;

(c) the Department of Transport prepare a draft answer to the question on the St. Lawrence project standing on the order paper in the name of Mr. Balcom, with a view to consideration being given at a subsequent meeting to the desirability or otherwise of answering the question at this time.

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798. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 6, 1951

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ST. LAWRENCE WATERWAY DEVELOPMENT; FEDERAL AGENCY; CANADA-ONTARIO AGREEMENT; DRAFT BILLS

1. *The Minister of Transport*, referring to discussion at the meeting of October 25th, 1951, reported that the special interdepartmental committee, under the chairmanship of the Deputy Minister of Justice, had prepared two draft bills, the first to provide for establishment of a St. Lawrence Seaway Authority and the second for a Canada-Ontario agreement respecting power development in the International Rapids Section.

The measure for the St. Lawrence Seaway Authority had been patterned along the lines of the Overseas Telecommunications Corporation legislation. It provided for the appointment of a President, a Vice-President and five Directors but it might be considered advisable, however, to reduce the number of Directors from five to three. It also empowered the Authority to establish a tariff of tolls which would be subject to the approval of the Board of Transport Commissioners. In essence, the Board were being given the same powers as those they enjoyed in respect of railway tariffs. The measures further provided that decisions of the Board in these matters could be appealed to the Exchequer Court. He had been informed that no such appeal procedure was provided for in the administration of the Suez and Panama Canals.

The bill respecting the Canada-Ontario power agreement incorporated the main provisions of the draft agreement prepared by federal and provincial representatives in consultation. It might be preferable, instead, merely to have a short measure seeking Parliamentary approval of the agreement, the text of which could be appended to the legislation as a schedule.

2. *The Prime Minister* thought that it would be inadvisable to have any federal legislation which would appear to order directly any province to do certain things.

He suggested that details of the proposed legislation be examined further by the Ministers of Transport, Trade and Commerce and Justice before submission to Cabinet for consideration.

3. *The Cabinet*, after discussion:

(a) noted the report by the Minister of Transport on the preparation of legislation for the St. Lawrence seaway and power project; and,

(b) agreed that details of the legislation be reviewed further by the Ministers of Transport, Trade and Commerce and Justice prior to submission of the measures to Cabinet.

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799. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 12, 1951

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ST. LAWRENCE DEVELOPMENT; DRAFT LEGISLATION

21. *The Minister of Transport*, referring to discussion at the meeting of November 6th, 1951, submitted two draft measures relating to the St. Lawrence seaway and power project. The first provided for the establishment of a St. Lawrence Seaway Authority for the purpose of constructing and operating deep-sea shipping channels and canals, the second related to the agreement on power development in the International Rapids Section between the federal government and the government of Ontario.

The draft measures had been circulated.

(Draft St. Lawrence Seaway Authority bill — Cab. Doc. 291-51; draft International Rapids Power Development bill, Cab. Doc. 292-51)†

22. *The Minister of Trade and Commerce* agreed with the Minister of Transport that the membership of the Authority should consist of a President and two Directors or Chairman and two members. At the present time, the bill provided for the appointment of a President, a Vice-President and an Assistant Vice-President.

23. *The Minister of Finance* said that his officials were preparing redrafts of sections 12 and 13 of the St. Lawrence Seaway Authority bill relating to borrowing power. The new sections would be available for consideration at an early date.

24. *The Prime Minister* noted that under section 13 of the St. Lawrence Seaway Authority bill it was provided that the Authority would be indebted to His Majesty for the whole or any part of the cost of the works which had been entrusted by the Governor in Council to the Authority for operation. It would seem undesirable that any indebtedness in respect of existing works should be charged against the maximum amount of $300 million which the Authority would be authorized to borrow.

25. *Mr. Howe* held the view that it would be undesirable to make any attempt to amortize the cost of existing works, such as the Welland and Sault Ste.-Marie Canals, through the proposed toll structure. He thought that these tolls should be

based only on capital and maintenance charges incurred in respect of new works such as the International Rapids and Lachine canals.

26. *Mr. Abbott* suggested that a decision need not be reached at this time as to the exact basis on which the tolls should be fixed. The legislation might be drafted in general terms in order that a decision might be reached at a later date as to whether tolls should be restricted to new works or should include existing works as well. This result might be achieved by deleting the first four lines of section 15 and the words "have been constructed and" at the beginning of section 16.

He added that the tolls established by the Authority should probably be made subject to the approval of the Governor in Council.

He also questioned the desirability of making the appointment of members of the Authority "during pleasure" as presently provided by section 5 of the draft bill.

27. *Mr. St-Laurent* thought that, in so far as tenure of office was concerned, the same sort of provision might advantageously be made in respect of the Authority as had been included in proposed amendments to the Railway Act. This would entail an initial appointment of ten years "during good behaviour" and subsequent re-appointment for any period not exceeding ten years.

28. *Mr. Chevrier* suggested that a new paragraph be inserted immediately following paragraph (a) of section 10 to ensure beyond doubt that the Authority would have the power to proceed with an all-Canadian seaway or to develop the seaway in conjunction with the United States depending on developments.

He also felt that a new section 6, terminating the 1941 agreement with Ontario, should be added to the International Rapids Power Development bill.

29. *Mr. St-Laurent* felt that, before proceeding any further, it might be useful to discuss the draft legislation with the U.S. State Department in order to make certain that the Canadian measures would not in any way jeopardize the Canada-U.S. agreement whether the seaway was proceeded with as an all-Canadian project or as a joint undertaking. For this purpose, it was proposed that a representative of the Department of Justice should proceed to Washington in the near future.

He further suggested that resolutions in respect of this legislation should be submitted for consideration at the next Cabinet meeting in order that they might be placed on the order paper of the House of Commons as soon as possible.

30. *The Cabinet*, after discussion, agreed that:

(a) the draft legislation on the St. Lawrence seaway and power project be revised in the light of the suggestions made during the discussion and be submitted for consideration at a subsequent meeting;

(b) details of the proposed legislation be now discussed by representatives of the Department of Justice and officials of the U.S. State Department in order to ensure that the Canadian measures would not in any way jeopardize entry into the required Canada-U.S. agreement; and,

(c) resolutions to precede introduction of the legislation be submitted for consideration at the next meeting.

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800. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 15, 1951

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ST. LAWRENCE SEAWAY; DRAFT LEGISLATION; RESOLUTION

5. *The Minister of Trade and Commerce* referring to discussion at the meeting of November 12th, 1951, submitted a revised draft of legislation on the St. Lawrence Seaway Authority which he and the Minister of Transport had discussed with members of the special interdepartmental committee. He outlined briefly certain changes which it was thought could usefully be made. In fixing tolls, it had been felt that the legislation should provide that the tariff of tolls, when established by the Authority, should be filed with the Board of Transport Commissioners and that the Board be empowered to review such tolls if any representations were made in respect of discrimination in rates and to make whatever recommendations it saw fit to the Authority.

A redraft measure was circulated.

(Draft bill, Nov. 14, 1951 — Cab. Doc. 299-51)†

6. *The Prime Minister* suggested, in order to remove any doubt that a member of the Authority could be reappointed more than once, that section 5(2) of the draft bill might be reworded somewhat as follows:

"A member, on the expiration of a first or subsequent term of office, may be reappointed for a further term not exceeding ten years."

7. *Mr. St-Laurent* also reported that the Deputy Minister of Justice would proceed to Washington in the next few days for the purpose of discussing with U.S. State Department officials and others the proposed Canadian legislation. The U.S. administration was now apparently satisfied that the St. Lawrence project could be undertaken without Congressional approval and that the United States would probably rely on the 1909 Boundary Waters Treaty rather than on federal Power Commission legislation.

8. *The Cabinet*, after further discussion:

(a) approved in general principle the draft St. Lawrence Seaway Authority bill, subject to certain revisions as suggested by the Prime Minister and the Minister of Trade and Commerce;

(b) noted that the details of the legislation would be discussed in Washington shortly by the Deputy Minister of Justice and appropriate U.S. officials; and,

(c) approved for introduction a resolution respecting the St. Lawrence Seaway Authority legislation.

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801. PCO/Vol. 207

Procès-verbal de la réunion du Comité du Cabinet sur le projet d'aménagement du Saint-Laurent

Minutes of Meeting of Cabinet Committee on St. Lawrence Development Project

CONFIDENTIAL [Ottawa], November 24, 1951

Present:
The Minister of Transport (Mr. Chevrier)(in the Chair)
The Minister of Trade and Commerce (Mr. Howe)
The Minister of Justice (Mr. Garson)

Also Present:
The Deputy Minister of Justice (Mr. Varcoe)
The Secretary to the Cabinet (Mr. Robertson)
The Deputy Under-Secretary of State for External Affairs (Mr. Reid)
Mr. G.E. Cox, Department of External Affairs
Mr. Guy A. Lindsay, Department of Transport
Mr. Paul Pelletier, Privy Council Office

1. *The Deputy Minister of Justice* reported that he had just returned from Washington where he had discussed with representatives of the State Department, the Department of Justice and the Federal Power Commission, certain legal and constitutional problems arising out of the proposed St. Lawrence seaway and power project. U.S. officials had made it clear that under the terms of the U.S. Constitution, it was not possible for a State to enter into any contract or agreement with any foreign state or power without approval having first been obtained from Congress. In view of this constitutional limitation and the apparent reluctance of Congress to approve the development, great care would have to be taken that no agreement or contract were entered into directly by the State of New York and the Province of Ontario. On the other hand, the State of New York had obtained legal advice to the effect that New York State or its Power Commission could legally enter into a contract with the Province of Ontario for the development of power in the International Rapids section. This view, however, did not seem to be shared in Washington. The Federal Power Commission was of the opinion that, in view of the powers Congress had delegated to the Commission in matters relating to power development, the Commission could license the State of New York to contract with Ontario for the development of power in the St. Lawrence without it being necessary for such contract to be submitted to Congress for approval. He had been unable to ascertain to what extent this opinion was shared in Washington but he felt that the State Department and the Department of Justice would rather favour some form of action under the 1909 Boundary Waters Treaty without relying on the federal power legislation. These discussions had served the purpose of indicating that points of view in the United States still diverged considerably in respect of the difficult legal and constitutional problem involved.

He had, however, gathered the strong impression that the U.S. administration would welcome early action by the Canadian Parliament on the proposed enabling legislation respecting the St. Lawrence seaway and power project.

Before the Canada-Ontario draft agreement respecting power could be signed, certain drafting changes would have to be made to take into account the constitutional impediment placed on the State of New York insofar as the entry into a contract or agreement with Ontario was concerned. It was suggested, for example, that the third paragraph of the preamble to the agreement might be reworded along the following lines:

"Whereas Ontario is desirous of undertaking such development concurrently with the undertaking of a complementary development by a duly constituted authority in the United States of America."

Changes of a similar character would have to be made in Articles II, III, VI and XI.

The Government was apparently anxious to introduce the required legislation without any further delay. It might, therefore, be advisable to ask the Premier of Ontario, Mr. Saunders and Mr. Magone to come to Ottawa within the next few days to reach agreement on and sign the revised agreement on power.

2. *The Secretary to the Cabinet* felt that in view of the importance of the power agreement, it might perhaps be useful to give Messrs. Saunders and Magone an opportunity to consider fully the revised text before Mr. Frost were asked to come to Ottawa for signature.

3. *Mr. Chevrier* said that he would wish to have the Canada-Ontario agreement actually signed before introducing either the seaway or the power legislation in the House of Commons. In the circumstances, the Secretary to the Cabinet might get in touch immediately with Mr. Saunders and Mr. Magone and ask them if they could come to Ottawa the following Monday. Presumably agreement on the revised text could be reached without too much difficulty and Mr. Frost should then be asked to proceed immediately to Ottawa for signature.

4. *Mr. Varcoe* said that although the U.S. administration would appreciate Canada proceeding with its enabling legislation before adjournment of the current session of Parliament, it was also hoped that nothing would be done by Canada or Ontario, at least until March 1st, 1952, which would have the effect of preventing the United States participating in the development of the seaway. Apparently Washington was still hopeful that Congressional approval might be obtained for the 1941 agreement prior to that date.

5. *The Minister of Trade and Commerce* pointed out that, even if no time were lost after approval was given to the legislation by Parliament, there did not appear to be any possibility that actual work on either the seaway or the power development could start for some considerable time. In the circumstances, Canada and Ontario should probably get on with the job subject to accepting U.S. participation if Congress acted in sufficient time to make this possible.

6. *Mr. Lindsay* pointed out that the Canadian application to the International Joint Commission on behalf of Ontario could not be submitted unless agreement had been reached with the United States that they would submit concurrently an application in identical terms on behalf of the State of New York or some other appropriate U.S. or State authority.

7. *Mr. Robertson* said that the Canadian Government departments concerned should proceed immediately with the preparation of the submission to the IJC since it would presumably take some months before the submission was actually ready.

8. *The Committee*, after further discussion,

(a) agreed that the Deputy Minister of Justice revise the draft Canada-Ontario agreement on power along the lines suggested;

(b) agreed that the Secretary to the Cabinet arrange for Mr. Saunders and Mr. Magone to come to Ottawa the following Monday to consider the revised text of the agreement and that as soon as the revised text was accepted by both parties concerned the Premier of Ontario be asked to come to Ottawa for signature;

(c) agreed that the bills respecting the St. Lawrence seaway and the power development in the International Rapids section, with certain minor modifications, be submitted to Cabinet the following Tuesday;

(d) noted that the U.S. administration was still hopeful of obtaining Congressional approval for the 1941 agreement before March 1st, 1952; and

(e) agreed that preparation of the required Canadian submission to the International Joint Commission in this matter be undertaken immediately by the departments concerned.

P[AUL] P[ELLETIER]

802. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 26, 1951

ST. LAWRENCE SEAWAY AND POWER PROJECT

10. *The Minister of Transport* said the Premier of Ontario had indicated that he could be in Ottawa on November 28th or November 30th, 1951 to sign the agreement with the federal government on the St. Lawrence power project. While not pressing the point, Mr. Frost had suggested that consideration be given to including a clause in the agreement to the effect that, should the United States decide to participate in the development of the Seaway, Ontario should be relieved of some of its financial commitments under the agreement. It was understood that Mr. Frost contemplated a clause similar to that in the 1941 agreement, whereby Canada had undertaken to pay half of the cost of the common works. He had suggested that his proposal be discussed with Mr. Saunders who had now arrived in Ottawa.

11. *The Minister of Trade and Commerce* thought it would be reasonable to include a clause in general terms to the effect that the financial provisions would be reviewed should the United States decide to participate as a full partner in the Seaway project.

12. *The Cabinet*, after further discussion, noted the report of the Minister of Transport and agreed that:

(a) there was no objection to including in the proposed agreement with Ontario on the St. Lawrence power project a clause in general terms to the effect that the financial provisions would be reviewed should the United States decide to participate as a full partner in the development of the Seaway;

(b) when introduced in the House of Commons, the proposed legislation on the St. Lawrence Seaway and power projects should not be referred to a committee.

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803. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 27, 1951

ST. LAWRENCE SEAWAY AND POWER PROJECT; PROGRESS REPORT

9. *The Minister of Transport*, referring to discussion at the meeting of November 26th, 1951, said the Chairman of the Hydro-Electric Power Commission of Ontario had, the previous day, discussed with members of the special Interdepartmental Committee on the St. Lawrence Seaway the revised text of the draft agreement with Ontario on power development in the International Rapids section. This revision had been made necessary because of the constitutional limitation on the State of New York in the matter of a possible agreement or contract with Ontario.

Mr. Saunders had expressed himself as generally satisfied with the revision but wished to submit the new text to his legal advisers in Toronto before final approval was given on behalf of the Province of Ontario. He further suggested that clause 6 of the draft bill respecting the St. Lawrence power development be deleted. This clause, which purported to terminate the 1941 Canada-Ontario agreement, was unnecessary since the 1941 agreement had never actually come into force. In any event, if some form of termination were felt to be desirable, it would seem preferable to include a clause to this effect in the new agreement itself rather than in federal legislation approving the new agreement on behalf of Canada.

10. *The Secretary to the Cabinet* referred to the earlier suggestion by the Premier of Ontario that an additional clause be inserted in the new agreement to provide that, in the event Congress approved the 1941 Canada-United States Agreement on the St. Lawrence, the presently proposed allocation of costs between Canada and Ontario be reviewed. In discussion the previous day, however, Mr. Saunders indicated that it now seemed preferable to omit any such reference in the new draft agreement since this might tend to create the impression in the United States that Canada did not seriously contemplate proceeding with the Seaway on an all-Canadian basis. In the circumstances, Ontario would be prepared to rely on a verbal commitment by federal authorities that the whole problem of cost allocation would

be reviewed and if necessary readjusted in the event the 1941 Canada-United States agreement gained Congressional approval.

11. *Mr. Chevrier* added that, if final agreement on the revised text could be reached by federal and provincial officials that day, Mr. Frost might come to Ottawa the following day for signature.

12. *The Cabinet*, after further discussion:

(a) noted the report by the Minister of Transport on current developments respecting the St. Lawrence Seaway and power project; and,

(b) approved for introduction the resolution to the bill entitled "The International Rapids Power Development Act".

. . .

804. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 29, 1951

. . .

ST. LAWRENCE POWER PROJECT; CANADA-ONTARIO AGREEMENT; ANNOUNCEMENT

7. *The Minister of Transport*, referring to discussion at the meeting of November 27th, 1951, reported that, during the course of a telephone conversation with the Premier of Ontario the previous day, Mr. Frost had raised certain objections to some of the provisions in the proposed new Canada-Ontario agreement on power development in the St. Lawrence. He was particularly concerned about Article XII which stipulated that Ontario would reimburse the federal government in the amount of $14,335,000 in respect of maintenance of 14 foot navigation which should be rendered unnecessary in view of the construction of the Seaway by the federal government. He also thought the agreement would place Ontario under an excessive liability for claims which would undoubtedly arise as a result of increased erosion along the north short of Lake Ontario (Article V(4) of the draft agreement).

Mr. Frost felt the practical result of the proposed allocation of costs would be that power produced from the new International Rapids plant would cost approximately five mills per kilowatt-hour as opposed to six mills for steam-produced power. It would be recalled that some time ago the Chairman of the Ontario Hydro-Electric Power Commission had stated that, under the terms of the 1941 agreement, power could be produced at a cost to the consumer of two mills per kilowatt-hour and that under the proposed new agreement the cost would probably be not more than three mills, whereas it was estimated that steam-produced power would cost approximately seven mills per kilowatt.

Mr. Frost had indicated he would come to Ottawa that day for the purposes of discussing these various points with the Prime Minister and himself. Notwithstand-

ing the objections raised, it was thought the Premier would probably be prepared to sign the draft agreement in its present or slightly modified form.

8. *The Prime Minister* said that the agreement, as presently drafted, did not provide for termination of the 1941 agreement with Ontario. It was proposed, however, that when the new agreement was signed he should give the Premier of Ontario a letter which would serve as a notice of cancellation of the 1941 agreement and stress that the new agreement had been concluded in the expectation that the United States would not participate in the project, but that, in the event such participation were obtained, the government of Canada would be prepared to reconsider the terms of the new agreement with a view to making such modifications of those terms as might be appropriate in recognition of the arrangements that would then exist between Canada and the United States in respect of the St. Lawrence project.

9. *Mr. St-Laurent* also said that it was proposed to table the agreement in the House of Commons that afternoon if signature could take place before then. He submitted and read a draft statement which he proposed to make at the time of tabling.

10. *The Cabinet*, after discussion:

(a) noted the report by the Minister of Transport on points raised by the Premier of Ontario in respect of the proposed new Canada-Ontario power agreement;

(b) approved the letter proposed to be given to Mr. Frost by the Prime Minister at the time of signature of the agreement; and,

(c) agreed that, in the event signature took place before then, copies of the agreement be tabled in the House of Commons that afternoon and a statement be made at that time along the lines suggested by the Prime Minister.

805. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 30, 1951

ST. LAWRENCE POWER PROJECT; MODIFICATION OF AGREEMENT WITH ONTARIO

3. *The Prime Minister*, referring to discussion at the meeting of November 29th, 1951, said that he and the Minister of Transport had discussed with the Premier of Ontario, the previous day, certain of the provisions contained in the proposed new St. Lawrence power agreement with Ontario. Mr. Frost was accompanied by Mr. Porter, Mr. Challies and Mr. Saunders.

Mr. Frost had been rather anxious that the federal government commit itself to implementing the terms of the 1941 agreement in the event U.S. participation in the

development of the Seaway was obtained in the reasonably near future. It had been pointed out to Mr. Frost that a firm commitment of this character was not possible in view of the substantially changed conditions and since it was not known whether the United States would be prepared to accept all the provisions of the 1941 agreement even if they did obtain Congressional approval for participation in the development of the Seaway. Mr. Frost was assured, however, that in the event U.S. co-operation was obtained the federal government would agree to review the terms of the proposed new Canada-Ontario power agreement to take into account the new arrangements which would then exist between Canada and the United States.

Mr. Frost had further expressed some concern about the extent of the Province's liability under Paragraph (4) of Article V, which stipulated that Ontario would indemnify and save Canada harmless in respect of all claims by third parties in any way arising out of the construction, maintenance or operation of the power works. He said it was not at all impossible that certain riparian owners on the north shore of Lake Ontario would claim compensation for damages arising out of erosion, which the owners would likely attribute to the new power works, although engineering studies had clearly indicated that no such damage could be caused by the power development above a point in the vicinity of Spencer Island. He therefore suggested, and it was agreed, that Article V(4) be amended to provide that no damages attributable to the power development could arise west of a line drawn due north and south from the most westerly point of Spencer Island in the St. Lawrence River, near Prescott.

Premier Frost had also voiced some apprehension about the effect Article XII might have on the State of New York and the electorate of Ontario. This Article provided that, in the event the construction of the Seaway by Canada rendered the maintenance of 14 foot navigation unnecessary in the International Rapids Section, the Province would pay to Canada the sum of $14,335,000. After some considerable discussion it was agreed that no mention be made of a fixed amount in this connection and that Article XII be redrafted to provide simply that, in the event of the construction of the Seaway by Canada, Ontario would pay to Canada a part of the cost of such locks and works equivalent to the cost of the works that would have been required to be constructed by Ontario to permit the continuance of 14 foot navigation.

4. *Mr. St-Laurent* pointed out that the new agreement was subject to confirmation by both Parliament and the Legislature of Ontario. The provincial House would not meet until February 1952 and Premier Frost had suggested that Parliament might withhold its approval of the agreement until the next regular federal session in 1952. Thus it would be possible to modify further the agreement, if this appeared to be desirable, after discussing the matter fully with the State of New York and before the agreement was actually approved by Parliament and by the Legislature of Ontario. It was pointed out to Mr. Frost in this connection that there was probably some considerable advantage to be gained in obtaining Parliament's approval for the agreement immediately. This would further help to convince the United States that Canada fully intended to proceed alone with the Seaway development if U.S. participation could not be obtained. However, it was agreed that the Canadian

Ambassador at Washington be consulted as to his views on the most desirable course of action in this connection.

5. *Mr. St-Laurent* said the agreement would be signed by himself, the Minister of Transport, the Premier of Ontario and Mr. Challies at 2.00 p.m. the following Monday. At that time Mr. Frost would be given a letter which would serve as notice of cancellation of the 1941 agreement with Ontario and which would make clear that the present agreement had been concluded on the understanding that the United States would not participate in the development of the Seaway but that, in the event such participation were obtained, the government of Canada committed itself to review the terms of the new Canada-Ontario agreement in order to take due cognizance of the new relationship which would then exist between Canada and the United States in respect of the development of the Seaway.

It was suggested that the resolutions respecting the Seaway and the power development might be taken up in the House of Commons the following Tuesday. If the resolutions were adopted that same day, the bills might be given second reading the following Wednesday or Thursday.

6. *The Cabinet*, after discussion:

(a) noted the report by the Prime Minister on his discussions with the Premier of Ontario regarding certain provisions of the proposed new Canada-Ontario agreement on power development in the International Rapids Section of the St. Lawrence;

(b) approved the changes made in Articles V and XII of the agreement as a result of these discussions; and,

(c) noted that the agreement would be signed the following Monday at 2.00 p.m. and approved the tabling in the House of Commons the same day of copies of the agreement.[103]

806.

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

DESPATCH X-3512

Ottawa, December 7, 1951

CONFIDENTIAL

ST. LAWRENCE SEAWAY

A new agreement between the Governments of Canada and the Province of Ontario with respect to the development of power resources in the St. Lawrence River was signed in Ottawa on December 3, 1951. The agreement forms the sched-

[103] 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.

ule of a bill respecting this development and approving the present agreement. Three copies of this bill, including the schedule, are enclosed.†

2. The new agreement supersedes the agreement between Canada and Ontario, dated March 19, 1941, which has now been cancelled, in accordance with Article XV of that agreement, by a letter to Premier Frost of Ontario, dated December 3, 1951. The present agreement has been concluded in the expectation that the United States will not participate in the navigation phase of the project, and its terms have been agreed to on the understanding that the navigation works will be an all-Canadian undertaking. While it is the intention of the Government of Canada to proceed as rapidly as possible with this project, it is understood that the United States Administration intends to make a final effort to obtain Congressional approval, early in the 2nd Session of the 82nd Congress, of the Great Lakes-St. Lawrence Basin Agreement of 1941. In the event that Congress approves this agreement before arrangements committing the Governments of Canada and Ontario to the implementation of the project, as at present envisaged, are finally completed, the Government of Ontario has been assured that the Government of Canada will be prepared to reconsider the terms of the agreement of December 3, with a view to making such modifications as would then be appropriate.

3. In this connection it would be useful to have your views on the prospects of obtaining the approval of Congress at its next session. It is our understanding that the only resolution at present before the Committee on Public Works of the House of Representatives is H.J.Res.337 of October 1, in the name of Mr. Blatnik, while the resolution referred to the Senate Foreign Relations Committee is S.J.Res.27. A review of the present membership of the Committee on Public Works with any information you may be able to obtain on the views of the newer members of the Committee and on prospective changes in the membership of the Committee would be useful.

4. It has been assumed on the basis of your advice from time to time on this point that there is little chance that Congress will approve the 1941 Agreement at the next session. However, some proponents appear to believe that Congress will eventually approve the agreement and that the prospect of an all-Canadian seaway will encourage some members of Congress to support the joint project, for various reasons, rather than permit Canada to build the seaway alone. On the other hand, whatever support the joint undertaking may derive from this source may be counter-balanced by the loss of support of those who favour the project but who would welcome any way of avoiding open support of it. Moreover, the 2nd Session of the 82nd Congress will be necessarily short because of the national conventions of the political parties next summer, and Congress may wish to engage more in activities which will be more fruitful at election time.

5. The agreement between Canada and Ontario is subject to approval both by Parliament and by the legislature of Ontario, which will not meet until some time next February. Premier Frost had suggested that Parliament might withhold its approval until its next regular session in 1952, so that it would be easier to make whatever modifications, if any, might appear to be desirable after discussing the matter fully with the agency undertaking the work in the United States. It was

pointed out that there would be a considerable advantage to be gained in obtaining Parliament's approval for the agreement immediately as this would further help to convince the United States that Canada intended to proceed alone with the development. However, it would be appreciated if we could have your views as soon as possible in this connection.

6. Another bill authorizing the establishment of the St. Lawrence Seaway Authority, a corporation to construct, maintain and operate the seaway either as a wholly Canadian undertaking or in conjunction with works undertaken by an appropriate authority in the United States, has also been introduced in Parliament. Three copies of this bill† are enclosed, together with three copies of Mr. Chevrier's opening statement† on the resolution introducing it.

7. Meanwhile, the ad hoc Cabinet Committee on the St. Lawrence Project has asked that preparation of the required Canadian reference to the International Joint Commission be undertaken by the Departments concerned. In this connection, it is understood that an inter-agency committee of United States officials has been proposed to work out procedure and to deal with Canadian and Ontario officials in connection with the New York-Ontario power development and the all-Canadian waterway. As the Canadian reference to the I.J.C. will have to be related to a concurrent and complementary reference by the United States, the manner and timing of an approach to the State Department, requesting the co-operation of the United States in preparing the references to the I.J.C., is under consideration. Your views in this connection would also be appreciated.

8. The preparation of the references to the I.J.C. should in no way prejudice the chances of obtaining approval of the 1941 Agreement by the United States Congress, and may, indeed, add a fillip to support for the joint undertaking by those members of Congress who would be unwilling to countenance an all-Canadian seaway. It is our wish to refer the complementary applications of Ontario and New York to the Commission as soon as possible. On the other hand, we are prepared to defer deciding upon an agreed date when the reference is to be made until the prospect of approval of the 1941 Agreement early in the 2nd Session of the 82nd Congress can be more accurately assessed. In any case, it is unlikely that the references could be ready for submission to the Commission much before the first week in March.

H.O. MORAN
for Acting Secretary of State
for External Affairs

807. 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-4205 Washington, December 12, 1951

CONFIDENTIAL. IMMEDIATE.

Reference: Your despatch No. 3512 of December 7.

ST. LAWRENCE SEAWAY

1. In paragraph 5, of your despatch under reference, you refer to Premier Frost's suggestion that Parliament withhold approval of the St. Lawrence legislation until the next session and ask for our comments as soon as possible.

2. All supporters of the St. Lawrence project here, both those in the administration and those outside, have repeatedly stressed the desirability of early passage of this legislation. If after the extensive debate that has already taken place final passage is postponed, supporters of the project would be greatly disturbed and might begin to have doubts of the sincerity of the Canadian intention to proceed with the seaway alone. The administration at present appears to be ready to proceed with planning the steps that must be taken immediately if a decision is reached that the 1941 agreement will not obtain approval by Congress. If the Canadian legislation is not passed at this session of Parliament the administration's sense of urgency in going ahead with this preliminary work might disappear.

3. If passage should be delayed the opponents would undoubtedly be given assistance in preventing consideration of the 1941 agreement when Congress opens in early January.

4. We will reply to the other questions asked in your despatch under reference as soon as we have had time to give them further consideration.

808. 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

DESPATCH 3570 Washington, December 14, 1951

CONFIDENTIAL

Reference: Your despatch EX-3512 of December 7, 1951.

ST. LAWRENCE SEAWAY

1. It is not yet possible to give any firm opinion of the prospects of the 1941 Agreement being approved at the coming session of Congress. There is no doubt that the administration will press hard for the approval of the agreement since the President and the different government departments in Washington would all prefer to have the seaway developed as a joint project. However, since the members of the Senate and the House have almost all been away from Washington since it became evident that, in the event of the Agreement not being approved, Canada would proceed with the seaway alone, it has not been possible to determine the effect that this has had on Congressional opinion. This point was checked with the State Department yesterday and they advise us that their Assistant Secretary for Congressional Relations does not expect to have any definite opinion on this point until Congress has been in session for two or three weeks. They point out that some proponents of the seaway may be quite ready to see the seaway constructed by Canada which would achieve their purpose without requiring a vote in its favour that might displease at least some of their constituents. On the other hand others may be reluctant to abandon the right of the United States to have a say in the establishment of a rate of tolls. For this reason the changed situation may have an influence in opposite directions on different members of Congress and until they can be canvassed it is impossible to assess the net effect.

2. The special interests opposed to the seaway will undoubtedly continue their opposition. The delay that would result from abandoning the 1941 Agreement, the possibilities of further delay in the hearings before the I.J.C. and the F.P.C., and the possibility of court actions would be to their advantage.

3. The position in the Public Works Committee of the House continues to be very close. Since the adverse vote of 15 to 12 in July there has only been one change in the committee when Mr. Steed replaced Mr. Pickett. Steed was expected to be in favour of the seaway but has told a number of people that he had commitments not to vote in its favour until January next. Proponents are hopeful that he will vote in favour in future but this, of course, remains to be seen. The only further change at present contemplated in the committee is the replacement of Representative Quinn. This change has been suggested for a long time but the administration are still hopeful that it will take place before a further vote is taken in the Public Works

Committee and it is expected that he will be replaced by a supporter of the project. Therefore, assuming that the other members of the committee do not change their position it is expected that a future vote would be 14 to 13 in favour.

4. In the Senate the Chairman of the Foreign Relations Committee is against the project but has said that hearings will be held. The administration is satisfied that if the project can be brought to a vote in the Senate Committee a majority will be favourable to the scheme. Recent inquiries concerning the progress of the Canadian legislation by a staff member of the Senate Committee gives some indication that that committee is renewing its interest in the project.

5. The United States Interdepartmental Committee to consider the steps to be taken to proceed with the Canadian seaway has not yet been established. Earlier this week, as a result of a report of discussions held in Ottawa that have [sic] been received at the State Department, a further approach to the White House was made and State Department are hopeful that the Interdepartmental Committee will be established within the next two weeks. White House has decided that Mr. deLuccia should not be Chairman of this committee because of his support of private as opposed to public power development. The man now being considered is Mr. Croll, a lawyer who has been associated with federal power development schemes, who is well known to some of the State Department lawyers and who, in their opinion, would be an active and aggressive chairman.

6. We believe that it would be well not to make a formal approach asking the United States for cooperation in drafting a recommendation to the I.J.C., for the next ten days or two weeks as they would not be in a position to arrange talks until the Interdepartmental Committee was established. At that time we might suggest that talks begin early in the new year.

W.D. MATTHEWS
for Ambassador

DEA/1268-D-40

809.

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-2404 Ottawa, December 20, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Your despatch No. 3570 of December 14.

ST. LAWRENCE SEAWAY

Following from Under-Secretary, Begins: There are a number of complex and time-consuming steps to be taken before the St. Lawrence power project and the all-Canadian seaway can be started. The initiative of the United States Government in establishing an inter-Agency Committee to deal with these matters is welcomed.

2. The steps to be taken in obtaining approval of the plan at present envisaged must be more thoroughly understood and action to obtain this approval must be undertaken as soon as practicable if the urgent requirements for both power and navigation are to be met.

3. It is desirable that discussions be arranged on a continuing basis, beginning early in January, in order to prepare references to the International Joint Commission and to initiate any other steps that may be necessary. Following is the text of a draft Note from you to the State Department:

Text begins:

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the discussion of the St. Lawrence Seaway and power project between the Prime Minister of Canada and the President of the United States which took place in Washington on September 28, 1951.

(2) At that time, the President and the Prime Minister agreed on the vital importance to the security and the economies of both countries of proceeding as rapidly as possible with both the seaway and the power phases of the project. The Prime Minister indicated that the Canadian Government would be willing to construct the seaway as a solely Canadian project if it is not possible to have the joint development undertaken on the basis of the 1941 Agreement. The President agreed to support this Canadian action if an early commencement on the joint development did not prove possible.

(3) The Canadian Parliament has recently passed legislation providing, on the one hand, for a power development on the St. Lawrence River, to be undertaken by the Hydro-Electric Power Commission of Ontario and an appropriate agency in the United States and, on the other hand, for the establishment of the St. Lawrence Seaway Authority to construct the seaway either in co-operation with the United States, as envisaged in the 1941 Agreement, or as a solely Canadian undertaking. This legislation may now be brought into force at any time by proclamation.

(4) The Canadian Government is prepared to proceed with the construction of the seaway as soon as appropriate arrangements can be made. Failing approval of the 1941 Agreement by the Congress it will be necessary to refer the project to the International Joint Commission for approval. In order to proceed as rapidly as possible with the project, which the President and the Prime Minister have agreed is of vital importance, the co-operation of the United States Government in preparing concurrent references of the power project to the International Joint Commission is requested.

(5) Such a preparatory step would in no way prejudice the possibility of proceeding with the project on the basis of the 1941 Agreement in the event that Congress should approve that agreement. On the other hand, it is desirable to seek the approval of the International Joint Commission as soon as practicable in order to avoid any further delay in the event that Congress does not approve the 1941 Agreement early in the next session.

(6) It is proposed that appropriate officials of our two Governments, together with officials of other interested agencies, discuss the steps to be taken in proceeding with a reference of applications to the International Joint Commission for the con-

struction of the power project. A series of meetings beginning early in January, either in Washington or in Ottawa, would be most appropriate for this purpose. Text ends.

4. I should be most grateful for your opinion on the wisdom of submitting a Note along these lines to the State Department as soon as possible and for your suggestions for revision of the note. It might be useful if you were to show the State Department the Note in draft form. The Note has already been discussed with an officer of the United States Embassy here and Dale of the Canadian Desk has made suggestions which have been incorporated in it. The United States Embassy here reports that in Dale's view it would be useful if the Note could be delivered between Christmas and New Year's; this confirms the view expressed in paragraph 6 of your despatch No. 3570 of December 14. Ends.

810. 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-2414 Ottawa, December 20, 1951

CONFIDENTIAL. IMPORTANT.

Reference: Our Teletype EX-2404 of December 20, 1951.

ST. LAWRENCE SEAWAY

With reference to the last paragraph of my teletype under reference, when the draft note was discussed with an officer of the United States Embassy here, the following items were mentioned in connection with steps yet to be taken. These may be of value to you in discussing the note with the State Department:

(a) An entirely new application for reference to the I.J.C. by the Ontario Hydro Electric Power Commission to take into account the features of the plan at present envisaged, which were not included in the 1948 application.

(b) A complementary or parallel application by the Power Authority of the State of New York or whatever other agency is to undertake the work in the United States.

(c) The possible need for a memorandum of agreement or some other instrument, such as an exchange of notes between the two federal governments, in respect to these applications.

(d) Our wish to have the applications referred to the I.J.C. not later than the end of March, and even before that date should it become clear that Congressional approval of the joint project would not be forthcoming. (Neither the preparation or submission to the I.J.C. nor action upon it by the I.J.C. would prejudice the possibility of Congressional approval of the joint project. Moreover, procedural steps in

the I.J.C. necessitated the lapse of as much as 60 days before hearings could actually commence.)

(e) We expressed the hope that the proceedings before the F.P.C. could follow or be held simultaneously with the hearing by the I.J.C. In this connection, we understand there were complications because the 1948 application of the New York State Power Authority, had been referred by the F.P.C. to Congress in December, 1950. We would be interested in knowing what was contemplated in Washington with respect to licensing of the power project.

811.

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-4297 Washington, December 26, 1951

CONFIDENTIAL. IMMEDIATE.

Reference: Our WA-4284 of December 22.†

ST. LAWRENCE SEAWAY

1. State Department have now passed on to us the following comments from the White House on the draft note contained in your EX-2404 of December 20.

2. To permit the President to change his position concerning the power development the White House considers it will be necessary for the references to the International Joint Commission and the Federal Power Commission to make some reference to the construction of the seaway. They suggest therefore that in the last sentence of paragraph 4 and in the first sentence of paragraph 6 of the draft note the word "power" be omitted. If this word is not deleted the United States reply would have to comment on this point.

3. The White House does not know in what capacity or at what time during the discussions New York State officials may be brought in. They would therefore like to see the reference to "officials of other interested agencies" in paragraph 6, deleted and suggest we refer to "officials of our two countries".

4. The White House considers that the proposed exchange of notes will constitute the memorandum referred to in paragraph (c) of your EX-2414 of December 20. This being the case it would appear to be appropriate to change the note from the third person to the first person.

5. Will you please advise us immediately whether the suggested changes are acceptable.

812. 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-4317 Washington, December 28, 1951

CONFIDENTIAL

Reference: Your EX-2438 of December 26th.†

ST. LAWRENCE SEAWAY

1. We have now received the State Department draft of the reply which they propose to send to our note, the text of which was contained in your EX-2404 of December 20th. The State Department draft is based on the assumption that we will incorporate in the Canadian note the amendments suggested in WA-4297 of December 26th. The United States draft has been cleared with officials of the White House but has not been shown to the President personally.

2. The text of the United States draft is as follows:

Text Begins:

"Excellency:

I have the honour to acknowledge the receipt of your note of _____, concerning the St. Lawrence seaway and power project.

My government notes with gratification that the Canadian Parliament has passed legislation providing, on the one hand, for the construction of the power phase of the project to be undertaken by the Hydro-Electric Commission of Ontario and an appropriate agency in the United States; and on the other hand, for the establishment of the St. Lawrence seaway authority to construct the seaway, either in cooperation with the United States as envisaged in the 1941 agreement, or as a solely Canadian undertaking.

As you know, the President hopes that the Congress of the United States will approve, at an early date, the 1941 agreement providing for joint construction of the St. Lawrence project. Should the Congress, however, not approve the 1941 agreement at an early date, the Government of the United States is prepared, in order to avoid further delay in the construction of the St. Lawrence project, to cooperate with the Government of Canada in referring the project to the International Joint Commission for approval on the understanding as expressed in your note, that your government is prepared to proceed with the construction of the seaway as soon as appropriate arrangements can be made.

In order that there may be a minimum of delay in the construction of the project, which the President of the United States and the Prime Minister of Canada have agreed is of vital importance to the security and the economies of both countries, my government is ready to cooperate with your government in undertaking such preparatory steps as may be advisable in presenting concurrent references to the

International Joint Commission. On behalf of my government, I accept your proposal that appropriate officials of our two countries discuss the steps to be taken in proceeding with such references. I agree that a series of meetings to be held either in Washington or in Ottawa, or at such other place as may be convenient, would be the most appropriate method for implementing this proposal. Although it may not be possible for my government to be fully prepared to undertake these discussions early in January, I expect that it will be prepared to do so at some time during that month. I shall inform you as soon as my government is ready to join in the discussions which you have proposed.

Accept, Excellency, the renewed assurances of my highest considerations. Ends.

813.

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-3

Ottawa, January 2, 1952

CONFIDENTIAL. IMPORTANT.

Reference: Your WA-4317 of December 28.

ST. LAWRENCE SEAWAY

1. Cabinet has approved the Note to the State Department contained in our EX-2404 of December 20, with the amendments suggested by the White House as set forth in your WA-4297 of December 26.

2. I agree that it would be appropriate to change the Note from the third person to the first person.

3. We have no suggestions to make for the amendment of the United States draft reply as set forth in your WA-4317 of December 28. In order, however, to make it unnecessary for the United States, in its reply, to state that it cannot begin the discussions with us "early in January", and in view of the fact that the Note itself is being presented early in January, you might amend the last sentence of our Note to refer to "a series of meetings beginning the middle of this month". This would require consequential revision in the second to last sentence of the United States reply.

4. When you have reached agreement with the State Department on the precise terms of the exchange of Notes, please exchange the Notes and let us have the text. I should also be grateful if you would let us know when you think the White House would wish to publish the exchange of Notes.[104]

[104] Voir Canada, *Recueil des traités*, 1952, N°. 30./See Canada, *Treaty Series*, 1952, No. 30.

SECTION B

RESTRICTIONS À L'IMPORTATION DES PRODUITS LAITIERS
IMPORT RESTRICTIONS ON DAIRY PRODUCTS

814. PCO

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 214-51 [Ottawa], August 22, 1951

SECRET

UNITED STATES IMPORT CONTROLS ON CHEDDAR CHEESE AND OTHER DAIRY PRODUCTS

1. This memorandum deals with the urgent problem of the import controls on cheddar cheese and processed milk announced recently by the United States Department of Agriculture. This action followed from a rider known as the Andresen amendment which was attached to the Defence Production Act. Exports of certain of our dairy products, and particularly of cheddar cheese, are likely to be restricted as a direct result. Even more important is the fact that these restrictions are wholly inconsistent with the principles and the agreements upon which joint trade has been developed in recent years between Canada and the United States. If the latter is to persist in the application of these new measures, there may be harmful and unavoidable consequences for the commercial policy which has been pursued by both countries in recent years.

2. In introducing its new import controls, the United States Congress has for the first time taken action in contravention of the General Agreement on Tariffs and Trade. The GATT provides clearly that quantitative import restrictions of this kind shall not be imposed except in certain stated circumstances which cannot be held to exist in respect of these commodities at the present time. By this legislation, furthermore, the United States has impaired and, indeed, nullified the value of tariff concessions negotiated at Geneva in 1947 and at Torquay, these concessions having been bound until January 1st, 1954. Canada has negotiated and paid for reductions in the United States duty on cheddar cheese which have reduced that duty from a level of 4 cents per pound, but not less than 25% ad valorem in 1947 to 3 cents per pound, but not less than 15% ad valorem at present. The new import controls will make it impossible for Canadian exporters to take advantage of these tariff reductions and, indeed, their position will be worse than it was prior to the Geneva negotiations.

3. Members of the Standing Committee on Banking and Commerce of the House of Commons questioned the Torquay Delegation on the likelihood of the United States taking action to nullify or impair tariff concessions which had been negoti-

ated. In his evidence before the Committee, Mr. H.B. McKinnon, the head of the Delegation, said it was "unthinkable" that the United States would violate her agreement with Canada. The Standing Committee also inquired into the steps open to Canada should the United States or any other country violate the GATT. Mr. McKinnon went on to point out, in response, that if the United States were to violate her agreement in respect of even one important commodity, measures of retaliation could be devised. Parliamentary action would not necessarily be required, he said, since tariff concessions could be withdrawn from the United States in most instances by the mere cancellation of an order-in-council. The relevant passages are in the Minutes of Proceedings and Evidence of the Standing Committee for May 29 and June 11.[105]

4. Cheddar cheese is the only type sold in large quantity by Canada to the United States. United States imports of cheddar have been as follows during the three year period:

Year	Canada	New Zealand	Other	Total
	(pounds)			
1948	10,110			
1949	1,795,131	—	1,190	11,300
1950	2,770,541	1,136,301	204,869	3,136,301
		10,376,254	146,447	13,293,242
	Average of three years			5,480,281

Annual import quotas will be equal to the average of three years, 1948-50. United States imports of cheddar cheese, which have grown steadily to a level of 13.3 million pounds will thus be cut back to a rate of 5.5 million pounds per year. Since the new import quotas are not allocated to individual countries, it is impossible to say how much of the cut will be borne by Canadian cheese. As a result of the United Kingdom contracts placed in Ontario, there may not be as much Canadian cheese available for export to the United States this year. Producers of mature cheddar, such as Black Diamond, may feel the adverse effects immediately and these will be unavoidable for other producers as time goes on.

5. It cannot be argued plausibly that cheese is in a particularly difficult position in the United States at the present time. During 1950 the United States Government accumulated an inventory of over 100 million pounds of cheese but this surplus has largely disappeared by now. Although the support price for first grade cheddar cheese has been raised to 36 cents per pound (from 31 cents in 1950), the current wholesale price of about 40 cents per pound is high enough so that none is being offered to the Government. There is thus no new surplus being built up. In any event, imports of all cheese into the United States amount to less than 5% of domestic production and imports of cheddar cheese are approximately 2% of domestic production. It is difficult, therefore, to believe that imports present much of a threat to United States cheese producers. In other words it is impossible to condone, or to justify under the GATT, the import controls which have been introduced.

[105] Voir Canada, Chambre des communes, Comité permanent de la banque et du commerce, *Procès-verbal et témoignages*, Ottawa: Imprimeur du Roi, 1951, N°s 1 et 5.
See Canada, House of Commons, Standing Committee on Banking and Commerce, *Minutes of Proceedings and Evidence*, Ottawa: King's Printer, 1951, Nos. 1 and 5.

6. The Defence Production Act was signed by the President of the United States on July 31. Although the Andresen amendment is in contradiction to the commercial policy of the Administration, the President approved the amendment along with the rest of the Bill, presumably as part of a compromise by which he obtained passage of his emergency legislation. It is obvious that Wisconsin dairy interests are the principal supporters of the Andresen amendment.

7. The Andresen amendment was studied carefully in Ottawa as it moved through its early legislative stages. Officials have been concerned that if this principle of unwarranted import controls is once established, there will be nothing to prevent its being extended arbitrarily to many products. On July 13 the Ambassador to the United States was asked to make a protest to the State Department against the general principle involved in the proposed measure. A copy of the message† to Washington of that date is attached to this memorandum. Other countries which have expressed their interest to the United States in this matter include France, Denmark, Australia, Argentina, the Netherlands, Finland, New Zealand, Switzerland, Norway, Uruguay, and the Dominican Republic.

8. It seems desirable now to send a Note to the United States Government to protest again, and in stronger terms. A draft Note is attached to this memorandum, which is, in effect, a request that these new import controls be withdrawn. There is little reason, however, to hope that the Administration will be able to have the Andresen amendment withdrawn at an early date. The Administration is, in fact, in a weak position, the amendment having been attached to a piece of emergency legislation which is both controversial and important. Before any action is taken, the Government should therefore decide how far it is prepared to go should remedial steps not be taken by the United States. If the Government is to undertake measures of retaliation against the United States, the appropriate form of retaliation would probably be the withdrawal of selected tariff concessions which were negotiated with the United States either at Geneva or at Torquay. It would be desirable to choose tariff items for this purpose which would have a penal effect upon United States trade but would have as little effect as possible upon the cost of living in Canada. If effective measures of retaliation are announced by the Government, these may be of great assistance to the President of the United States in dealing with Congress. The Administration will be in a stronger position to ward off the demands of pressure groups if it can be shown that restrictive trade measures of this kind will provoke a prompt reaction from Canada and other countries.

9. The timing of any retaliatory measures is important. Consideration must be given to the position of the Contracting Parties to the General Agreement on Tariffs and Trade which will convene in Geneva on September 17. If the Government is to decide in favour of retaliatory measures, it would be desirable to make a public announcement, on or before September 17, that certain specified tariff concessions will be withdrawn from the United States immediately following the close of the current session of Congress, unless the new import controls have been removed in the meantime. The Contracting Parties could then be notified of this announcement. This would put the Government in the position of having taken action well in advance of the fall session of Parliament. Opinion in the United States might well be more concerned about getting into difficulty with Canada than it would be about

an infringement of the GATT and this is a reason in favour of our taking any action directly and announcing it later to the Contracting Parties. Since the obligations of the United States in this matter are laid down in the General Agreement on Tariffs and Trade, however, it is inadvisable to ignore the Contracting Parties to the General Agreement. This is why it is desirable that any announcement by the Government be made in advance of September 17 so that the Contracting Parties may be notified. It is quite possible that some other Government may take the initiative in placing this item on the agenda of the coming meeting of the Contracting Parties and in that case the Canadian Delegation can support it without difficulty. For Canada to consult the Contracting Parties to the GATT in advance, however, about any retaliatory measures, would inevitably be to delay any action until after Parliament meets. A long debate in the Contracting Parties, furthermore, would have an unpredictable effect on United States opinion.

10. In view of the above, I recommend,

(a) that a Note be delivered to the Government of the United States as in the draft attached to this memorandum;

(b) that the Minister of External Affairs, the Minister of Finance and the Minister of Trade and Commerce should consult jointly to determine whether retaliatory measures are required in the light of the reply to be received from the Government of the United States; and

(c) that the Minister of Finance be requested to review tariff concessions which have been made in the past, to select items which may be withdrawn if necessary from the United States and following the consultation made in (b) to make an appropriate recommendation.[106]

C.D. HOWE

[PIÈCE JOINTE/ENCLOSURE]

Projet de note pour le Gouvernement des États-Unis

Draft Note to the United States Government

Ottawa, August ____, 1951

The recent announcement of the United States Department of Agriculture with regard to the control of imports into the United States of fats, oils, and other dairy products has created a situation which is of urgent concern to the Canadian Government. The restriction of the imports of dried milk products, and cheese in particular, will cause immediate damage to Canadian trade with the United States.

In the case of cheese, the new import quota will reduce United States imports substantially below the levels which have prevailed in the immediate past. This reduction cannot fail to have a serious prejudicial effect upon the position of the Canadian dairy industry.

[106] Approuvé par le Cabinet, le 22 août 1951./Approved by Cabinet, August 22, 1951.

While the impact of the new restrictions upon particular producers is of immediate concern, the Canadian Government wishes also to call the particular attention of the Government of the United States to the more far-reaching implications of this action. The new restrictions announced by the United States Department of Agriculture are contrary to the obligations which the two governments have assumed toward one another in the General Agreement on Tariffs and Trade. The latter provides clearly that quantitative import restrictions of this kind shall not be imposed except in certain stated circumstances which cannot be held to exist at present in respect of these commodities. These new import controls, furthermore, will nullify the value of certain of the tariff concessions which were negotiated at Geneva in 1947 and at Torquay, these concessions having been bound by the United States until January 1, 1954.

The Government of Canada has sought at all times to observe the terms of the General Agreement on Tariffs and Trade which govern the commercial relations between our two countries. The Canadian Government earnestly hopes the Government of the United States will review the action it has recently taken to restrict the imports of dairy products, in the light of the provisions of the General Agreement on Tariffs and Trade, in order that the mutually advantageous trade which is of such great importance to the general well-being of both our countries may not be impaired.[107]

815. DEA/10817-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-1690 Ottawa, August 25, 1951

SECRET

UNITED STATES IMPORT RESTRICTIONS ON CHEESE AND OTHER DAIRY PRODUCTS

1. The officials in Ottawa chiefly concerned have considered whether there should be any change in our representations to the United States on this matter in the light of:

(a) the message of the President to the Congress asking for the elimination of the Andresen Amendment (and other parts of the Act),[108] and

(b) the reaction of State Department to the protest filed by Denmark.

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[107] Remise au Gouvernement des États-Unis, le 27 août 1951./Delivered to United States Government on August 27, 1951.

[108] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman 1951*, Document No. 199, pp. 478-483.

2. It is agreed here (a) that there should be no change in the Note presented to State Department; (b) that the oral representations should be rather stronger than they would otherwise have been; that while no specific reference should be made to the form of retaliation under consideration it should be indicated that there is a good deal of opinion in Ottawa at all levels in favour of "doing something about it" if the import restrictions are not removed; and that the question should be raised what further action Canada might take to support the stand which the Administration is now taking vis-à-vis Congress.

816. DEA/10817-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-1739 Ottawa, September 6, 1951

CONFIDENTIAL

U.S. IMPORT RESTRICTIONS ON CHEESE

1. Willoughby heard that the U.S. Department of Agriculture had decided to put import quotas on a country-by-country basis. He understood that this arrangement was desired by the Canadian authorities but wished to confirm his point.

2. After consultation with the interested Departments we have replied along the following lines. While we were interested in knowing what form the United States import quotas would take, and while we had raised questions in this connection, we had not intended to imply that we were in favour of country-by-country quotas as opposed to any other form of quota. Our basic position was that we regretted that any quotas had been imposed and hoped that they would be taken off as soon as possible. We had no comment to offer on the particular form of quotas which the United States was now proposing.

3. For your own information we have looked into the question of country-by-country quotas and find that, from the Canadian point of view, it would be possible to argue either for or against. Since we had no very special interest in the form of the quotas we were able to take the high line indicated in the foregoing paragraph.

817. DEA/10817-A-40

Le secrétaire d'État aux Affaires extérieures au chef de la délégation auprès de l'Accord général sur les tariffs douaniers et le commerce

Secretary of State for External Affairs to Chairman, Delegation to General Agreement on Tariffs and Trade

TELEGRAM 102 Ottawa, September 20, 1951

CONFIDENTIAL

Following for Isbister from Deutsch, Begins: Reference United States import restrictions on dairy products.

1. While in Washington last week I had some discussion with United States officials regarding the steps that are being taken to remove the restrictions on the importation of dairy products. As you know, a Bill is now being introduced in the Senate and hearings are to be held. They told me that they do not expect any serious opposition to the passage of this Bill in the Senate but they are still uncertain as to whether this can be done during the present session of Congress. There will, of course, also have to be a Bill in the House, and even though they could get it through the Senate, it is felt that the shortage of time may even be a greater obstacle in the House. Consequently we may be up against the difficulty that while the spirit is willing, the time-table and procedural difficulties in the Congress may make action impossible at this session.

2. My own feeling is that we should not take retaliatory steps at this time, but allow a few weeks to pass in order to see how things go. We should reconsider the position again in about two weeks time. I am a little afraid that if we take too precipitate action in the light of the efforts being made by the Administration and the considerable favourable response received in political quarters, that we may muddy the waters. Meantime I think it is well, however, to keep the possibility of retaliation alive in the minds of the Americans so that after a reasonable time has passed, action can be taken, if necessary, without having to counter the charge that no warning has been given. Meanwhile we would, I am sure, be interested to learn the feelings of other Delegations on this matter at Geneva.

3. These views are being canvassed with the other Departments concerned and we will advise you immediately of any change.

818. DEA/10817-A-40

Le chef de la délégation de l'Accord général sur les tariffs douaniers et le commerce au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to General Agreement on Tariffs and Trade, to Secretary of State for External Affairs

DESPATCH 408 Geneva, September 27, 1951

Reference: Our telegram No. 91 of September 26, 1951.†

RESTRICTION ON IMPORTS OF DAIRY PRODUCTS INTO THE UNITED STATES

The Contracting Parties discussed this item at their meeting on September 24. In addition to the countries principally affected by the Andresen amendment, a number of other delegations took a serious view of this infringement of the General Agreement. Altogether the delegations of eleven Contracting Parties, apart from Canada, took part in the debate. These included the Netherlands, Denmark, Italy, New Zealand, France, Norway, Australia, Czechoslovakia, Sweden, Finland and the United Kingdom. The good faith of the United States Administration in this matter was well demonstrated by Willard Thorp who welcomed the statements made by other countries, explained how these measures came to be attached to the Defence Production Act, and expressed the hope that the legislation providing for these import controls would be repealed. He referred to the exceptional speed with which repeal measures had already been launched. In addition to their concern about the particular measures adopted by the United States, a number of speakers addressed themselves to the underlying principles, and there was a clear consensus that complete repeal must be regarded as the only satisfactory solution.

2. The Canadian statement, which was made toward the end of the discussion, was comprehensive and attempted to put the entire issue in proper perspective. This seemed all the more necessary as some of the delegates of protectionist countries, such as the Italians, the French and the Finns, were inclined to argue narrowly on the basis of statistical considerations, contending, for example, that the proportion of imports of cheese into the United States to domestic cheese production was not such as to offer competition to the United States producer which could in any sense be described as dangerous, or contending that their particular brand of cheese should be exempt as being non-competitive with United States cheese.

3. In our own statement we emphasized the fact that we were disturbed at the damage done to Canadian producers of cheese and disturbed also about the broader principles involved in this issue. We were convinced that the letter and the spirit of the General Agreement were being infringed by the Andresen amendment. The General Agreement expressly forbade quantitative restrictions of this kind. Furthermore, these quantitative import restrictions wholly impair the value of certain of the tariff concessions granted to us by the United States at Geneva and Torquay. In

view of the scrupulous observance of trade treaties which had prevailed in the United States and Canada, this unilateral withdrawal on the part of the United States had prompted a good deal of unfavourable public comment in Canada. A grave view was necessarily being taken of this matter by the Canadian Government.

4. We proceeded to suggest that, quite aside from the abrogation of trade treaties which was involved, not even the most sympathetic observer would contend that United States cheese producers are experiencing undue difficulties. During the past year government surplus stocks of cheese have been substantially reduced. The market price of cheese, furthermore, has been strong, being sufficiently above the level even of the recently increased government support price, so that government stocks are not being increased.

5. We informed the Contracting Parties that the Canadian Government was at present engaged in bilateral consultations with the United States as provided for in Article XXIII. The exact text of this portion of the statement was transmitted to you in our telegram under reference. It is unnecessary to repeat in this context the proposal we made for keeping this item on the agenda, so that the Contracting Parties might revert to it later to assess the extent to which the United States Administration was achieving success in its efforts to have the import control amendment repealed.

6. Earlier in the discussion the Delegation of Norway had suggested that a Working Party be appointed to examine this question and make appropriate recommendations to the Contracting Parties under Article XXIII. In our statement we opposed this procedure. There had been complete agreement in regard to the facts of the issue (even the United States Delegation had not attempted to refute these facts) and no divergent proposals were confronting the Contracting Parties. We had in mind that a Working Party might be dragged into a detailed examination of retaliatory withdrawals on the part of those countries which might decide on such action after it became clear that the Defence Production Act amendment would not be repealed before the end of the present session of Congress. Our position on this procedural question was shared by almost all the interested delegations, and the Norwegian representative subsequently withdrew his proposal.

7. Many of the European countries argued that United States import restrictions such as those contained in the Andresen amendment undercut their efforts under the Marshall Plan to become independent of outside economic assistance and would undoubtedly compel them, as a practical measure, to revise the scale of their current and projected imports from the United States. All of them agreed that the psychological effect of the recent United States restrictions in their countries had been profound, particularly in view of the fact that the United States had long been regarded as the chief advocate of freer world trade.

8. The United States reply began with a detailed analysis of the division of function between the executive and legislative branches of their government. The United States representative, Mr. Thorp, then proceeded to outline the steps which had already been taken by the Administration with a view to securing Congressional repeal of the Andresen amendment. He asked that his government be given

an opportunity to carry its efforts to a successful conclusion, although some allowance might have to be made for the slow pace at which the wheels of legislative action are apt to revolve. In any case, if the Administration failed in its efforts, the United States would anticipate entering immediately into appropriate consultations with interested governments under the provisions of Article XXIII of the General Agreement.

9. Mr. Thorp made a special point of emphasizing that the recent amendment to the Defence Production Act should not be taken to indicate a basic change in the policy of the United States Government. He explained that the Andresen amendment had arisen and been passed rather outside the normal channels for dealing with questions of this kind. Nor should the Andresen amendment be taken as a considered revision of this policy by the United States Congress. What it did indicate was the fact that in any country there is a need to be vigilant in the protection of general policy against the interests of special groups. Mr. Thorp concluded his statement by declaring that, in the view of his government, the repeal of the Andresen amendment would provide the happiest solution to the problem which had been raised in the forum of the Contracting Parties.

10. At the conclusion of the discussion the Contracting Parties agreed to take note of the United States statement and to retain this item on the agenda of the current session and, if necessary, on that of the next session, pending further legislative developments in the United States.

C.M. ISBISTER

819. PCO

Extrait du procès-verbal du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], October 17, 1951

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. David Sim, Deputy Minister of National Revenue,
Mr. W.F. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. J.J. Deutsch, Department of Finance,
Mr. L.W. Pearsall, Department of Agriculture,
Mr. A.G.S. Griffin, Department of External Affairs.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also present:

Dr. A.E. Richards, Department of Agriculture,
Mr. H.R. Kemp, Department of Trade and Commerce,
Mr. H. Wright, Department of Finance,
Mr. F.G. Hooton, Department of External Affairs.

...

III. U.S. IMPORTS; RESTRICTIONS ON DAIRY PRODUCTS; MOVEMENT OF CANADIAN GRAPES

12. *The Deputy Minister of Trade and Commerce* said it seemed clear that no action would be taken at the present session of Congress to repeal the import restrictions on dairy products. In the circumstances the Canadian delegation at Geneva should secure permission for Canada to withdraw concessions to the United States if no change were made in the U.S. position. No commitment should be made that Canadian action would occur and the question should not be treated on the basis of retaliation. It was desirable to have permission, however, in case action should be required before the next session of G.A.T.T. At the present time Canadian products were moving to the United States under an acceleration of the 1952 quota. The policy of acceleration could conceivably be carried forward quite a distance so that no actual interference with Canadian exports would take place, at any rate not for some time. On the other hand, it might develop at a future date that the Canadian quota had been entirely used up and no further movement would be possible.

There had been some earlier suggestion that measures might be taken to prevent the movement of grapes from Canada to the United States. A proposal that we enter into quota arrangements had been rejected. No actual measures of restriction had been taken.

13. *The Chairman of the Tariff Board* said he thought it was important that the government be prepared to take fairly strong action if the restrictions on dairy products were not removed. The U.S. administration was opposed to the restrictive provisions and their real fear was that Canada would not take sufficiently firm action. It would also be essential for the government, for domestic reasons, to have taken a decisive position.

14. *The Committee* noted the report of the Deputy Minister of Trade and Commerce and agreed that the Canadian delegation to G.A.T.T. be instructed to raise the question of U.S. import restrictions with a view to securing permission that would enable action by Canada to be taken, if necessary, in advance of the next session of G.A.T.T.

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820. DEA/10817-A-40

Le directeur des Relations commerciales internationales du ministère du Commerce à la Direction économique

Director, International Trade Relations, Department of Trade and Commerce to Economic Division

Ottawa, October 31, 1951

Dear Mr. Griffin,

Please find attached a copy of the Resolution of the Contracting Parties on the United States import restrictions on dairy products. This was approved by the Contracting Parties on the second last day of the recent session.

Yours faithfully,
C.M. ISBISTER

[PIÈCE JOINTE/ENCLOSURE]

RESTRICTED [Geneva] October 26, 1951

ITEM 30

RESOLUTION OF THE CONTRACTING PARTIES ON THE UNITED STATES IMPORT RESTRICTIONS ON DIARY PRODUCTS IMPOSED UNDER SECTION 104 OF THE UNITED STATES DEFENCE PRODUCTION ACT

PROPOSAL BY THE CHAIRMAN AFTER CONSULTATION WITH INTERESTED DELEGATIONS

The CONTRACTING PARTIES

TAKING NOTE of the statement made on September 24 by the United States representative regarding Section 104 of the United States Defence Production Act under which the United States Government has imposed restrictions on the importation into the United States of a number of dairy products;

TAKING NOTE with satisfaction of the strong determination on the part of the United States Government, as indicated in this statement, to seek repeal of Section 104 of the Defence Production Act, and of the speedy action taken looking toward such repeal;

TAKING NOTE of the further statement on October 26 by the United States representative reporting that such action had not yet resulted in such repeal;

RECOGNIZING that concessions granted by the United States Government to contracting parties under the General Agreement has been nullified or impaired within the meaning of Article XXIII of the General Agreement and that the import restrictions in question constitute an infringement of Article XI of the Agreement;

RECOGNIZING FURTHER that a large number of contracting parties have indicated that they have suffered serious damage as a result of this nullification or impairment, and that the circumstances are serious enough to justify recourse by those contracting parties to paragraph 2 of Article XXIII;

RESOLVE, without prejudice to the rights of any contracting party under paragraph 2 of Article XXIII

TO COUNSEL the contracting parties affected, in view of the continuing determination of the United States Government to seek the repeal of Section 104 of the United States Defence Production Act and the high priority and urgency which it has stated it will give to further action to this end, to afford to the United States Government a reasonable period of time, as it has requested, in order to rectify the situation through such repeal; and

TO REQUEST the United States Government to report to the CONTRACTING PARTIES at as early a date as possible, and in any case not later than the opening of the Seventh Session of the CONTRACTING PARTIES, on the action which it has taken.

SECTION C

ÉNERGIE ATOMIQUE
ATOMIC ENERGY

821. DEA/50219-D-40

Note de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures[109]

Memorandum from Defence Liaison (1) Division to Under-Secretary of State for External Affairs[109]

SECRET [Ottawa], February 10, 1951

SOME TECHNICAL AND POLITICAL COMMENTS ON NEVADA ATOMIC TESTS

It may be worth while to set on paper a few observations suggested by the recent atomic tests held near Las Vegas, Nevada. It should be emphasized that our speculation on the type of explosions that have taken place during these tests is not based on technical knowledge of atomic weapons nor on any restricted information concerning the tests. There have been so many wild statements reported, however, that it is easier to say what the explosions were not than what they were. No doubt Dr. Solandt will in due course have accurate information as to what has been taking place, and some indication of the U.S. Atomic Energy Commission's evaluation of the scientific and military information obtained. This memorandum simply presents a few guesses as to some of the technical and political factors involved.

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[109] Note marginale :/Marginal note:
Very interesting C.S.A.R[itchie]

I. *Technical Factors*

1. Five explosions have been reported, the first four in two pairs and the fifth separately. Each of the pairs consisted of a relatively mild explosion first, followed within twenty-four hours by a much more powerful one. The fifth explosion appears to have been considerably more powerful than any of the others.

2. While there has been virtually no information released concerning the nature and purpose of the tests, one might speculate somewhat as follows. Earlier tests have been concerned with the atomic weapon as a bomb pure (if one may use the term) and simple. Technical developments have continually been increasing the destructive energy which such a bomb can release, and this trend has been reported periodically to the press. Perhaps the fifth and most powerful of the recent explosions was a test of the most up-to-date weapon of this type.

3. Of late, however, there has been a focusing of interest upon the possible use of atomic bombs as tactical weapons. The two obvious types would be artillery shells and guided missiles. In either case one might expect some sacrifice of power in the interest of effective design of the weapon for tactical use. Very possibly the first four of the present explosions have been tests of weapons of this sort. The milder explosion in each pair might represent primarily a test of the weapon in its non-nuclear aspects with only minimal provision of bomb components for the testing of firing mechanisms, and the subsequent more powerful explosion a fully charged test designed to permit estimation of the weapon's tactical efficiency.

4. Press comment has been concerned with the development of a "limited atomic explosion", suitable for tactical use, with the implication that there is some advantage in having available weapons which release energy in an amount between an ordinary H.E. bomb and a full scale atomic bomb. While it is possible that there might be some military advantage in having a weapon producing less than the full destruction of an atomic bomb as hitherto understood, the use of such a weapon could not, it is believed, represent any appreciable saving in nuclear fuel. A certain critical mass of nuclear fuel is, of course, required for any nuclear explosion, large or small, and for any but the most powerful atomic bombs it is likely that but little more than this minimum is sufficient. The effectiveness of an atomic bomb is in all probability determined primarily by the method whereby the nuclear energy is released and strength of the casing to contain the explosion as long as possible, and only secondarily by the amount of fuel, provided, of course, that this exceeds the aforementioned minimum.

5. In this light, it appears that utilization of scarce nuclear fuel in weapons of less effect than atomic bombs of the type previously tested would not be sufficiently economical to justify a programme for the development of such limited tactical weapons. Hence press suggestions of a "fizzle explosion" weapon would appear to be unjustified or misinformed.

6. The most likely explanation as to what kind of atomic weapon was being tested was implied in General Collins' interview last Monday, February 5, when he volunteered the information that atomic artillery shells are "wholly possible" and "in

the not-too-distant future".[110] He added more cautiously that it would be "many years" before guided missiles with atomic warheads would be available, but said that guided missiles themselves would be ready for use "inside of eighteen months". It would therefore appear that the Nevada tests consisted of four tests of a "tactical bomb" followed by one test of the most powerful type of "improved bomb" developed since Bikini.

II. *Political Factors*

1. Both the Alsops[111] and Reston have suggested, in articles that may or may not have been "inspired", that the timing of the Nevada tests was deliberately intended to serve as a reminder to the world at large and the Russians in particular that the main strength of the United States lay at present in its atomic superiority and its superior capacity in inter-continental strategic bombing. The USSR and the People's Government of China have, during the past few months, shown a surprising readiness to take additional risks of an outright war with the United States, and the Nevada tests may be intended to draw attention to the fact that the United States in Korea has, so to speak, been fighting with its right hand tied behind its back.

2. Reston specifically links the tests with the increasing pressure being placed on Yugoslavia by the military build-up in the surrounding satellite states which has led to some apprehension that an attack on Tito might be impending. The Alsops have also mentioned the Yugoslav situation, but have written in more general terms, in an article, attached,† about "Unfreezing the Asset". If "inspired", these articles imply a United States decision to give serious consideration, at least, to using the bomb in the event of a Soviet or satellite attack on Yugoslavia. If such a decision is in fact being considered by the United States Government, it would mean almost as much for Yugoslavia as inclusion in the North Atlantic Treaty. Although relaxation of export controls on strategic materials has been discussed in the North Atlantic Council Deputies, there has been no previous hint of such a strong U.S. policy in support of Tito.

3. One further indication that the Alsop and Reston articles have been inspired is that at least one member of the U.S. Joint Congressional Committee on Atomic Energy has as much as told the press that in private session the Committee had discussed the international effect of the Nevada tests.

4. The tests have no doubt also had a domestic political effect in bolstering U.S. confidence in their own strength, and helping to offset to some extent the Korean reverses, while building up public confidence in the progress of the U.S. Atomic Energy Commission's weapons development programme.

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[110] Voir/See *New York Times*, February 6, 1951.

[111] MM. Joseph et Stewart Alsop, auteurs de « Matter of Fact », chronique souscrite au *New York Herald Tribune.*
Joseph Alsop and Stewart Alsop, authors of 'Matter of Fact', syndicated column in *New York Herald Tribune.*

5. We are not suggesting that the Nevada tests were timed solely for political reasons, but only that the timing may also have been convenient for political purposes.[112]

M.H. WERSHOF

822. C.D.H./Vol. 9

Le président d'Eldorado Mining and Refining (1944) Ltd.
au chef de la Direction des matières premières
de la United States Atomic Energy Commission

President, Eldorado Mining & Refining (1944) Ltd.,
to Director, Raw Materials Division, United States Atomic Energy Commission

[Toronto], March 16, 1951

Dear Mr. Johnson:

This letter is to confirm our several telephone conversations of recent date regarding proposed amendments to the purchasing policy for uranium in Canada.

In view of the increasing demand for uranium it seemed desirable that we should consider whether or not there were any additional steps which could be taken to encourage further the search for uranium, and more particularly to bring about a more intensive development of existing radioactive occurrences. In considering the problem it was decided to obtain an expression of opinion from the Advisory Mining Committee of the Atomic Energy Control Board. Accordingly a meeting of the Committee was convened on January 18th. At the meeting progress during 1950 was reviewed with special reference to the Eldorado program at Beaverlodge Lake and its probable bearing on the development of other properties in that area. The Committee's views may be summarized as follows:

(a) While it was not considered necessary at this time to increase the base price on the current schedule, it did seem imperative to offer some special incentive during the early years of production.

(b) Period of Guarantee—Because of the location and nature of Canadian deposits the maximum possible time must be allowed for bringing a property into production.. Accordingly, it was recommended by the Committee that every consideration should be given to a further extension of the period of the guarantee.

(c) The Committee recommended that some publicity should be given to the results of Eldorado's exploration program with a view to offsetting a prevailing belief that it will be difficult, if not impossible, to find a second commercial deposit in Canada.

[112] Note marginale :/Marginal note:
The Minister to see: very interesting, if speculative A.D.P.H[eeney] Feb 13

(d) The Committee recommended that Eldorado should make provision for the treatment of ores, other than its own ores, which may be produced in the Beaverlodge Lake area of Northern Saskatchewan.

Eldorado, as sole purchasing agent for all uranium produced in Canada, has given serious thought to the several recommendations of the Committee. With respect to recommendations (a) and (b) it was decided after a thorough examination of all the factors involved, that a special development allowance of $1.25 per pound to be payable on the first three years' production and a two year extension of the guaranteed period would meet the situation. As regards recommendations (c) and (d), it was also decided that Eldorado would seek an early opportunity of implementing these.

As I explained to you on the telephone some weeks ago, it seemed desirable to announce any modifications of policy which might be decided upon, at the joint Annual Meeting of the Prospectors and Developers Association and the Geological Association of Canada. I had been invited to address this gathering some months ago.

In view of the commitments entered into by the United States Atomic Energy Commission with regard to the purchase of Canadian production as set out in your letter of April 7th, 1950, it seemed advisable that I should consult with you before making any announcement with respect to the granting of a special development allowance or the extension of the guaranteed period.[113] Accordingly I advised you on March 2nd, 1951 of our proposals regarding the granting of a special development allowance and the extension of the guaranteed period. Further, I advised you that we would wish to have an undertaking from the United States Atomic Energy Commission that the commitments as set out in paragraph 3 of your letter of April 7th, 1950, and which now reads as follows:

> "... the Commission is prepared to purchase from Canada all the uranium produced under this program through March 31, 1958, up to a total of 8,000 tons, and under a ceiling price for black oxide of $10.00 (U.S. Currency) per pound of U_3O_8 content. Appropriate contracts will be made from time to time."

would be amended to read as follows:

> "The Commission is prepared to purchase from Canada all the uranium produced under this program through March 31st, 1960, up to a total of 8,000 tons and under a ceiling price for black oxide of $11.25 (U.S. Currency) per pound of U_3O_8."

You advised me that these proposals were acceptable to you and that you would recommend their acceptance by the Commission.

As you are aware, my address to the Prospectors and Developers Association delivered on March 6th contained an announcement respecting the granting of a special development allowance and an extension of the guaranteed period to March 31st, 1960.

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[113] Voir/See Volume 16, Document 850.

Since it was not possible to complete an exchange of formal correspondence on the subject prior to my announcement of March 6th, it was understood that this would be done at as early a date as possible. I would appreciate hearing from you in this connection.

Yours sincerely,
W.F. BENNETT

823. DEA/50219-40

L'ambassadeur aux États-Unis au secrétaire du Cabinet

Ambassador in United States to Secretary to Cabinet

TOP SECRET Washington, March 19, 1951

Dear Mr. Robertson:

A problem has arisen in connection with a request made to the National Research Council recently by the United Kingdom Government for the loan of a certain amount of plutonium which the British apparently require in connection with an atomic weapon test. The National Research Council has asked the United States Atomic Energy Commission for its advice with regard to the British request in the light of the purchase agreement recently concluded between Canada and the United States for the supply of plutonium to this country. The advice to be given to the National Research Council is at the present under consideration by the United States authorities, and we have been brought into the picture by the State Department in view of the fact that the U.S. authorities are inclined to advise us to decline the British request in view of the terms of our agreement with the U.S. Government on the supply of plutonium.

The facts as I have established them from the State Department are as follows. On March 6th Mr. John Hall (Secretary of the C.D.A. and the official responsible for liaison with the State Department) addressed to Gordon Arneson of the State Department a letter informing the State Department that the United States liaison officer at Chalk River had been told that the Canadian Government had received a request from the United Kingdom Government for the loan of 5 kilograms of separated plutonium. Hall's letter went on to say that the National Research Council had indicated that they would like to have the advice of the United States Atomic Energy Commission on the question of filling this request. It was understood that it is the intention of the United Kingdom Government to replace the 5 kilograms borrowed from Canada by plutonium produced in United Kingdom reactors in 1953. There was no indication in the message received from the United States liaison officer in Chalk River about the use for which the United Kingdom authorities intended the borrowed plutonium. In the opinion of the United States Atomic Energy Commission, however, as well as of the State and Defense Departments, the amount requested clearly implies that it will be used for the purpose of an experimental detonation of an atomic weapon produced in the United Kingdom.

Mr. Arneson has pointed out to us that the purchase agreement concluded between Canada and the United States provides that all plutonium produced in the present N.R.X. reactor, as well as in the N.R.U. reactor which is to be built, is to go to the United States, with the following exceptions:

(a) the amount of plutonium required for the Canadian research programme,

(b) amounts with specifications which are not acceptable to the United States Atomic Energy Commission, and

(c) *minor* amounts which may be made available by Canada to the United Kingdom in connection with its research programme.

The officials of the United States Atomic Energy Commission and of the Defence Department who have considered the matter are inclined to conclude that the amount requested by the United Kingdom cannot be considered as a minor amount, nor is it *prima facie* intended for a research programme in the strict interpretation of that term. Therefore, having regard to a strict construction of the obligations entered into by Canada in regard to the United States in the supply of plutonium, the United States authorities are inclined to advise that the National Research Council should decline the United Kingdom request.

Mr. Arneson, on the other hand, is fully alive to the implications which a decline to the United Kingdom request might have in regard to relations not only between Canada and the United Kingdom, but also to relations between the United Kingdom and the United States. The State Department are aware, as we are, of the political importance attached by the United Kingdom Government to the development of atomic weapons in the United Kingdom pending at least the conclusion of a more satisfactory long-term arrangement between the three countries. To decline the request now pending for the loan of plutonium would seem to prejudice the prospects of the United Kingdom programme at a time when no alternative arrangements have been offered by the United States for the development of atomic weapons in the United Kingdom.

Mr. Arneson is still not in a position to suggest when the tripartite talks on a long-term arrangement may be resumed in the Combined Policy Committee. The Atomic Energy Commissioners have apparently been studying the proposals worked out in the Defense Department and expect to reach certain conclusions this week. This will open the way to consultations between the Defense and State Departments and the United States Atomic Energy Commission and to consultations with the Joint Congressional Committee. It is still impossible, however, to predict any timetable for the projected tripartite meetings.

It seems to me that it would be desirable, before the United States Atomic Energy Commission gives its reply to the query received from the National Research Council through the United States liaison officer in Chalk River about the British request, to know whether Dr. Mackenzie has told Sir John Cockcroft about the purchase agreement on plutonium concluded between Canada and the United States in sufficient detail for the United Kingdom authorities to realize the impediments which exist to granting their request. It would also be helpful for the State Department to know what attitude Dr. Mackenzie and others concerned in Ottawa are inclined to take in regard to the request made by the United Kingdom, having

regard to its broad implications on our relations with the United Kingdom at the present time.

I should be grateful if you would treat this enquiry of mine as a fairly urgent one and let me have as soon as possible at least some idea of what you and Dr. Mackenzie think about this matter.

Yours sincerely,
H.H.WRONG

824. DEA/50219-40

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-1079 Washington, March 22, 1951

TOP SECRET. IMPORTANT.

Following for N.A. Robertson from Wrong, Begins: My letter to you of March 19th.

1. There seems to be trouble brewing with London over the matter dealt with in my letter. I had assumed that Mackenzie had kept the British informed of the agreement to dispose of our output here, but Marten of the British Embassy told Ignatieff yesterday that we were likely to receive strong representations from London if we are unable because of this agreement to furnish the British with the quantity they need. He has learnt that the United States authorities are not disposed to concur in the provision to the British of this quantity.

2. We have no information about the exact terms of our agreement with the United States authorities except what we have picked up from the State Department. I assume that it has been definitely concluded and that its contents includes only the exceptions mentioned in my letter. Marten was most emphatic in emphasizing the necessity of the supply from Canada to enable the British programme to go forward and said that it was a question of high political importance.

3. I expect that Clutterbuck will be getting in touch with you or Heeney shortly, if he has not already done so. Please keep me informed of developments. Ends.

825. DEA/50219-40

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-1117 Washington, March 24, 1951

TOP SECRET

Following for N.A. Robertson from Wrong, Begins: Reference my message WA-1079 and my letter to you of March 19th.

1. After my conversation with you on Thursday, Arneson was told that MacKenzie, Solandt and yourself are of the opinion that it would put an unreasonably legalistic construction upon the agreement recently concluded with the United States to deny the British request.

2. Arneson said that he was glad to know this, but offered the suggestion that, considering the important political implications of this question, it would be desirable to have formal consultations between the three Governments through the CPC channel before a decision is made. He noted that the matter had come to the attention of the State Department only as a result of an informal inquiry made through Langmuir at Chalk River to the United States AEC. In a matter of this kind, the State Department and Defence Department, as well as the United States AEC have to be consulted. In view of the terms of the agreement, he thought that a strong recommendation that the British request be granted, together with supporting arguments, should be submitted formally by the Canadian Government to the United States Government if the present objections on technical or legal grounds are to be overcome insofar as Washington is concerned.

3. As the British will probably bring up the political and military implications of their request in any case, it seems to me that there would be an advantage in following the course suggested by Arneson. If you agree, perhaps you would let me have a letter which I could give to the State Department through Arneson, together with some background information. In particular, I should like to know what the British have been told about our agreement with the United States, which, I understand, has now been signed. Ends.

826. C.D.H./Vol. 9

Le chef de la Direction des matières premières de l'United States Atomic Energy Commission au président d'Eldorado Mining and Refining (1944) Ltd.

Director, Raw Materials Division, United States Atomic Energy Commission, to President, Eldorado Mining and Refining (1944) Ltd.

Washington, April 2, 1951

Dear Mr. Bennett:

This is in reference to our recent telephone conversations and your letter of March 16, 1951, regarding proposed changes in the uranium purchase agreement between the Commission and Eldorado as covered by my letter of April 7, 1950. You have pointed out that on March 6, 1950, you announced an extension of your published price schedule from March 31, 1958 through March 31, 1960, and a special development allowance of $1.25 per pound of uranium oxide to be payable for the first three years' production from any mine.

You discussed these proposed changes with me by telephone prior to the announcement, and it was agreed that Eldorado would request a revision of the purchase terms set forth in my letter of April 7, 1950, to cover the changes made in your public buying schedule.

I am authorized by the Commission to advise you that in accordance with your request of March 16, 1951, paragraph 3 of my letter of April 7, 1950 is hereby amended to read as follows:

"... the Commission is prepared to purchase from Canada all the uranium produced under this program through March 31st, 1960, up to a total of 8,000 tons, and under a ceiling price for black oxide of $11.25 (U.S. Currency) per pound of U_3O_8 content. Appropriate contracts will be made from time to time."

Also, in paragraph 4 of said letter $11.25 shall be substituted in place of $10.00.

In this connection we would appreciate a statement such as that in your letter dated April 12, 1950 that Eldorado is prepared to extend from March 31, 1958 to March 31, 1960 the period during which it will sell all the uranium produced in Canada under the guaranteed buying schedule, up to a total of 8,000 tons, except such quantities as the Canadian Government may desire to retain for its own use.

We appreciate your co-operation in our joint effort to increase uranium production from the North American continent.

Sincerely yours,

JESSE C. JOHNSON

827. DEA/50219-40

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

TOP SECRET Ottawa, April 6, 1951

PLUTONIUM FOR THE UNITED KINGDOM

This morning Mr. Robertson told me of the talk which he and Dr. Mackenzie had with Commissioners Pike and Smyth of the U.S. A.E.C. on April 3. He said that he did not wish a record to be kept, but wanted me to tell you how matters stood. Please let me know when you are free and I shall come in.

We have told Mr. Wrong that Dr. Mackenzie would bring him up to date when he visits Washington shortly.[114]

J. G[EORGE]

828. C.D.H./Vol. 9

Le président d'Eldorado Mining and Refining (1944) Ltd. au chef de la Direction des matières premières de l'United States Atomic Energy Commission

President, Eldorado Mining & Refining (1944) Ltd. to Director, Raw Materials Division, United States Atomic Energy Commission

[Toronto], April 17, 1951

Dear Mr. Johnson:

I have your letter of April 2nd further to our telephone conversation and my letter of March 16th, 1951, regarding proposed changes in the uranium purchase agreement between the Commission and Eldorado as covered by your letter of April 7th, 1950. I am pleased to note that the Commission has now given authorization to an amendment to paragraph (3) of your letter of April 7th, 1950, as follows:

> "... the Commission is prepared to purchase from Canada all the uranium produced under this program through March 31st, 1960, up to a total of 8,000 tons, and under a ceiling price for black oxide of $11.25 (U.S. Currency) per pound of U_3O_8 content. Appropriate contracts will be made from time to time."

I note further that the Commission has given authorization to the substitution of $11.25 in place of $10.00 in paragraph (4) of your letter of April 7th, 1950.

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[114] Note marginale :/Marginal note:
I have spoken to Robertson A.D.P.H[eeney]. April 8

I am now able to advise you that the Right Honourable C.D. Howe, Minister of Defence Production, has approved my recommendation that Eldorado sell to the United States Atomic Energy Commission all the uranium produced in Canada under the guaranteed buying schedule up to a total of 8,000 tons and for the period up to March 31st, 1960, except such quantities as the Canadian Government may desire to retain for its own use.

Yours sincerely,
W.J. BENNETT

829. DEA/50219-40

L'ambassadeur aux États-Unis au secrétaire du Cabinet

Ambassador in United States to Secretary to Cabinet

TOP SECRET Washington, April 26, 1951

Dear Mr. Robertson:

The visit of Dr. Mackenzie and Dr. Solandt to Washington has provided the opportunity for useful talks on some of the outstanding questions relating to atomic energy.[115] I think that the question of the plutonium for the United Kingdom, which I wrote you about on March 19th, has now been cleared up to the satisfaction of all parties. Dr. Mackenzie saw the Chairman of the U.S.A.E.C., Mr. Dean, as well as Mr. Summer Pike, and got an assurance from them that they would regard the loan of the small amount now contemplated as not incompatible with the terms of the purchase agreement between Canada and the United States. In a talk at my house last night with Mr. R. Gordon Arneson it was also agreed that as the matter had been settled informally there was no need to bring the C.P.C. into the picture. The British Embassy has been informed through Marten, the U.K. Joint Secretary of the C.P.C., and nothing more in my judgment needs to be done about it.

Having Messrs. Mackenzie, Solandt and Arneson together yesterday evening also provided a useful opportunity to review the prospects for resuming the tripartite talks in the C.P.C.[116] Mr. Arneson explained the tactics which were now being followed in trying to obtain the support and approval of the Joint Congressional Committee for a revision of the tripartite arrangements before the talks are resumed. This is, of course, necessary since it is assumed that any change in the

[115] Note marginale :/Marginal note:
Mr Heeney: This is interesting. [Jim George]

[116] Les échanges tripartites sur les questions nucléaires ont pris fin abruptement lorsque Klaus Fuchs, un scientifique britannique qui avait effectué des recherches sur les armes nucléaires aux États-Unis et au Royaume-Uni, a été arrêté en février 1950 pour espionnage au profit de l'Union soviétique.
Tripartite exchanges on atomic questions ended abruptly when Klaus Fuchs, a British scientist who had worked on atomic weapons research in the United States and the United Kingdom, was arrested in February 1950 for spying for the Soviet Union.

present arrangements involving a more liberal policy of interchanging information, materials and personnel would involve an amendment to the McMahon Act.

Arneson said that previously the State Department and the U.S.A.E.C. had made the running in arguing for a revision of the arrangements. They had based their case mainly on the argument that a more liberal exchange of information was a desirable objective in itself, so that the experience and knowledge of the three countries could be better utilized in their respective atomic energy programs. This time the intention was to place principal emphasis on the security needs of the United States. In this connection the State Department had already engaged the interest of General Bedell Smith and the C.I.A., as well as of the Pentagon, in the important advantages which the United States would derive from a freer exchange of information in the field of long-range detection. It was recognized that the very limited exchange now permissable did not enable the United States to keep sufficient track of production rates in the Soviet Union. Apparently the provisions of the McMahon Act rule out an exchange of information on this subject, which is referred to as "Krypton 85".

Dr. Mackenzie, in his conversations with the Commissioners of the U.S.A.E.C., as well as with Gordon Arneson, was able to make good use of an additional argument which should carry considerable weight with the Joint Congressional Committee; namely, the hindrances to the United States tritium program resulting from the fact that the engineers and technicians of the Dupont Company now at Chalk River are prohibited under the terms of the McMahon Act from revealing the U.S. plans for which they require technical assistance at Chalk River.

Arneson mentioned that one device that was now under consideration for the revision of the McMahon Act was to suggest an amendment along the following lines: "The United States will not make restricted data available to any foreign government, except in cases where the Secretaries of Defense and of State and the Chairman of the U.S.A.E.C. determine this to be in the interests of the security of the United States". The idea apparently would be to keep the Joint Congressional Committee regularly informed of the exceptions made under this amendment, which would be regarded as approved after a delay of thirty days unless specifically prohibited in the meantime by legislative action initiated by the Joint Congressional Committee.

Arneson expressed himself generally as rather optimistic about the prospects of resuming the tripartite talks on a satisfactory basis. I believe that the talks which Dr. Mackenzie and Dr. Solandt had in Washington on these subjects have been very helpful, although they, as well as I, have always stressed our comparatively marginal interest in working out an agreement concerned with the development of atomic weapons.

Yours sincerely,

H.H. WRONG

830. DEA/50219-U-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], August 28, 1951

SOME COMMENTS ON RECENT DEVELOPMENTS IN ATOMIC ENERGY

In February we prepared a memorandum (copy attached) speculating on atomic weapons tests held shortly before in Nevada. Since that time there has appeared further information concerning the U.S. atomic weapons programme, and material has been made public which suggests interesting developments in other directions within the field of atomic energy. It may be worthwhile to attempt to tie together the most significant of these recent developments; it is recognized, of course, that Dr. Solandt and Mr. Glazebrook are probably much better informed than we on some of the subjects involved.

Further Developments in Atomic Weapons

2. Since the Nevada tests, a further series of weapons tests has been carried out at Eniwetok Island in the Pacific Ocean. Little specific information has been given out concerning the military aspects of this most recent series, but it has been made clear that they were on a more elaborate scale than those in Nevada and involved weapons of considerably greater power. The original atomic bombs used against Japan were equivalent in power to 20,000 tons of high explosive; it has been stated by the Alsop brothers that at least one of the Eniwetok bombs was equivalent to 100,000 tons of high explosive. There has been further evidence, also, to support the view expressed in our earlier memorandum that among the weapons tested at Nevada were prototypes of weapons suitable for tactical use in the field.

3. During recent conversations with Mr. Robert LeBaron, U.S. Assistant Under-Secretary of Defence responsible for the scientific side of the defence programme, Dr. Mackenzie received a convincing account of the vast scale of the present atomic weapons programme. Newspaper references to the "mass production" of these weapons are apparently fairly close to the truth and the U.S.A.E.C. has indicated that in the future test detonations can be expected fairly frequently.

Progress in Other Directions

4. The most recent report of the U.S.A.E.C., and various statements by U.S.A.E.C. spokesmen and others, have made public the fact that considerable progress has been made towards other than direct military uses of atomic energy. Hard upon the report that the construction of an atom driven power unit suitable for submarines was proceeding satisfactorily has followed the recent announcement that the U.S. Navy has let a contract for the first atom-powered submarine. The development of an atomic power plant for aircraft is also reported to be progressing. Finally, the first atomic "breeder" reactor is now completed and preliminary operations tests are believed to be underway.

5. These various developments, coupled with the steady improvement in the efficiency and versatility of atomic weapons invite speculation as to the future. Some of the matters on which one is tempted to speculate are the availability of raw materials (both in a short range and in a long range sense), the probability of atomic power coming into practical use for other than military purposes, and the future relationship of atomic weapons to the balance of military power.

Availability of Fissionable Material

6. The annual production of natural uranium is increasing steadily in the Western countries and, we may suspect, behind the Iron Curtain as well. Yet the total amount of uranium in the earth's crust is believed to be relatively limited, and a time can be foreseen when the rate of annual production will begin to fall off as the richer deposits are exhausted. That time is not yet upon us, and we may expect that for the next few years or perhaps decades the present rate of production can be maintained or increased. At the present stage of technical knowledge a relatively rare component (comprising about 7/10 of 1%) of natural uranium is the sole source of fissionable material. This component can be made to undergo fission under a variety of conditions; it may itself (when separated from the non-fissionable major component) be used in an atomic bomb, or it may (either by itself or mixed in varying proportions with the major component) be used in a controlled chain reaction carried out in an atomic reactor or "pile". When it is used in a pile, some of the neutrons produced in fission may be used to convert either the major component of natural uranium or other substances into new, man-made fissionable materials. These man-made fissionable materials, however, are obtained at the expense of using up some of the supply of fissionable material obtained from natural sources. So far no pile has yet been made to produce as much fissionable material as is required to make it run.

7. A breeder pile is one which will produce more fissionable material or "atomic fuel" (to use the journalists' term) than it consumes. It has been known for some time that such a pile is theoretically possible, but the technical problems in designing one are formidable. If the breeder pile now being tested by the U.S.A.E.C. should operate as its designers expect, the event will be of tremendous significance in an historical perspective. Every atomic bomb that is exploded, every electric generator which may in future consume atomic fuel destroys a part of the finite natural supply of this fuel. Sooner or later that supply will be exhausted, unless a means can be found of using a certain fraction of that total supply to increase the amount available. The success of a breeder pile would offer the assurance that it is technically possible, using as raw material various relatively plentiful substances to increase the limited quantity of atomic fuel now to be found in the world.

8. On the other hand, the successful operation of a breeder pile would not have any considerable effect on the available supply of fissionable material for some time. Even one operated at the theoretical limit of its efficiency would produce only a small fractional increase for each complete cycle, and an operation equivalent to a complete cycle of the original fuel supply would extend over many months or, more probably, years. Recent press comments are therefore misleading in suggesting that the expected success of the new breeder pile will make an early and

significant contribution in the movement "from extreme scarcity toward relative plenty in the vital atomic field". The partial truth in the statement that such a movement is taking place lies in the steady increase in the annual output of the mines and processing plants. It is also true that increases are steadily being made in the efficiency with which the available fissionable material can be used for military purposes, but it must be remembered that this increase may be paralleled behind the Iron Curtain.

9. In two recent articles the Alsops have indicated that the U.S.A.E.C. has been successful in developing a procedure for exploding "sub-critical" amounts of fissionable material. While new techniques may have made possible the explosion of amounts slightly less than what has previously been considered the essential minimum, it is most unlikely that any such improvement is quantitatively significant. More likely this refers to bombs in which explosive power has been sacrificed to gain in lightness and compactness, but with no saving in fissionable material.

Atomic Energy as a Means of Producing Power

10. The problems in using atomic reactors to drive generating stations or motors are plentiful but practical. In other words, they are problems of design, of development of suitable construction materials and of engineering techniques and not in the most important sense problems of theory. Information from the U.K., which has a more immediate practical interest in obtaining industrial power from its atomic programme than has the U.S., indicates that the U.K. does not expect to have electric generating stations driven by atomic energy before perhaps 1960. One reason for this presumably is that such an accomplishment would only be valuable if it could be attained at a cost comparable with the cost of conventional methods. The apparent expectation in the U.S. of using atomic power plants for submarines and perhaps military aircraft within a matter or two or three years is a clear indication that if it were worthwhile such power plants could be made within the same time limit to drive industrial equipment or ordinary sea-going vessels. That such a programme is not contemplated results from the fact that the estimated costs would not be justified by the utility. The great advantages for military purposes of using atomic power plants derive from the increase of range without refuelling resulting from the small volume of fuel required for a given energy output, and (for submarines) from the fact that operation does not require a supply of air. But it may be expected that if atomic power plants are in use even for very special purposes by about 1955 it should not require many years before their cost can be reduced to a level which would greatly widen their range of application.

Atomic Weapons as an Element in Military Power

11. It is reasonably certain that the U.S. now has available atomic weapons of considerable efficiency (both in terms of utilization of raw material and of adaptation to specific military uses) and it appears likely that among these are or soon will be weapons suitable for tactical use against armies and possibly naval or air units. One factor which will greatly contribute to the military value of such weapons is the development of guided missiles sufficiently reliable for practical use and capable of carrying atomic war heads. The latest information which has been received suggests that the guided missile programme is now more or less through the devel-

opment stage and is rapidly approaching the production stage. If this is the case, it may be expected that within two or three years atomic weapons will be available for a wide range of applications of high military value. No doubt we have a certain lead over the U.S.S.R. in such matters, a lead which for practical military purposes may be greater during the next two years than in the past five, but we cannot assume that this lead will be of decisive value for long; indeed it might well not be decisive even if war were to break out now. Yet there is little doubt that at the present stage our presumed superiority in both quantity and efficiency of atomic weapons and guided missiles would be of great importance not only in connection with a strategic bombing programme but in connection with the land and air campaign which would occur in Western Europe.[117]

R.A. M[ACKAY]

SECTION D

FRAUDE EN MATIÈRE DE VALEURS
SECURITIES FRAUD

831. DEA/10895-40

Note du chef de la Division juridique pour le sous-secrétaire d'État aux Affaires extérieures

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

RESTRICTED [Ottawa], February 28, 1951

I refer to your memorandum of February 22, 1951,† in which you enquired as to the present position concerning the fraudulent sale of Canadian stocks in the United States, and asked me to draft a letter to Mr. Wrong.

2. You will recall that Parliament, in 1942, refused to approve an amendment to our Extradition Treaty with the United States which proposed to make the fraudulent dealing in securities an extraditable offence, after strong protests had been received from Toronto brokerage interests and various mining organizations across Canada. These bodies argued that strict compliance with United States securities legislation would seriously hamper the flow of United States venture capital to the Canadian mining industry. The argument was also raised at that time that securities legislation in Canada is a matter within the jurisdiction of the Provinces and that the Federal Government does not have the power to enter into the "policing" of the securities field in an indirect manner through an extradition treaty.

3. A further attempt was made in 1945, after consultation with the Provinces, to find an unobjectionable formula for the extradition of persons involved in security frauds. This resulted in the drafting of a new formula which was presented to Par-

[117] Note marginale :/Marginal note:
Mr Kirkwood: Very interesting indeed — I hope you can continue to keep us abreast periodically. The Minister should be sent a copy. A.D.P.H[eeney] Sep 13

liament, again in that year, in the form of a Protocol. After the same groups, which protested the ratification of the original amendment, had again protested the ratification of the new Protocol, Parliament shelved consideration of the problem and referred it to the Standing Committee on External Affairs. The latter's report was referred by Cabinet back to the Department of External Affairs. The problem was then considered by an interdepartmental committee in 1946 and 1947. This committee could not come to a firm decision as to what action should be taken. It appears that the constitutional problem prevented further action and the question remained in abeyance until October, 1950.

4. Since this date, the United States Embassy in Ottawa and the Securities Exchange Commission in Washington have been pressing for reconsideration of an extradition treaty which would make the fraudulent dealing in securities an extraditable offence. On February 7, 1951, the Canadian Ambassador in Washington informed the Department that the United States Embassy in Ottawa had been instructed to press for a meeting between officials of the Securities Exchange Commission and appropriate Canadian officials. We have now received the opinion of the Department of Justice to the effect that it would not be advisable to renew efforts to make securities offenders extraditable. When Mr. Morgan of the United States Embassy called to see me on February 20, 1951, I suggested that no useful purpose would be served by continuing the previous approach to this problem. I suggested instead that the Securities Exchange Commission might deal directly with the Ontario Securities Commission and try to achieve some working arrangement by which the operations of the individuals concerned could be checked by appropriate administrative action under provincial legislation.

5. You may agree that an arrangement between the two Commissions for the solution of the problem might obviate the need for further intervention by the federal authorities in a question which is fraught with constitutional difficulties. I think this new approach might bring about the desired result. At least it will forcibly bring the problem to the attention of the Ontario authorities. Economic Division concurs in this.[118]

6. I attach for your signature, if you approve, a despatch to Mr. Wrong.[119]

K.J. BURBRIDGE

[118] Note marginale :/Marginal note:
Agreed. A.F.W.P[lumptre].

[119] Note marginale :/Marginal note:
Mr. Wolfe: Please have [a] copy of memo and despatch sent to Minister for information. March 2 [A.D.P. Heeney].

832. DEA/10895-40

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. L-973 Ottawa, March 3, 1951

RESTRICTED

Reference: Your Message WA-487 of February 7, 1951.†

FRAUDULENT SALE OF SECURITIES IN THE UNITED STATES

You will recollect our conversation in Ottawa on this subject.

2. Mr. Morgan, Counsellor in the United States Embassy here, called to see Mr. Burbridge on February 20, 1951, to discuss the fraudulent sale of securities in the United States. As you indicated in the above-mentioned message, he proposed that officials of the Securities Exchange Commission, Washington, meet with the appropriate Canadian officials in Ottawa to put forward suggestions for a new extradition treaty and to acquaint them with the increase in the volume of allegedly fraudulent promotional literature originating from Toronto.

3. In the course of the discussion it was suggested to Mr. Morgan that no useful purpose would be served in arranging a meeting in Ottawa to discuss the elimination of objectionable features from the treaty proposed in 1942, which would still make securities fraud offenders liable to extradition. We do not think that it would be advisable to revive the question of including a section in a new extradition treaty to regard fraud in the sale or purchase of securities as an extraditable offence. Should this question be raised again in Parliament, it is most likely that the same objections would be voiced as in 1942, when Parliament declined to approve the ratification of the proposed treaty of that year. The Department of Justice has confirmed our view in this respect and agrees that it would not be advisable "to negotiate an agreement on a basis formerly found objectionable". (A copy of a letter of December 15, 1950,† from the Department of Justice, is attached for your information).

4. It was then suggested to Mr. Morgan that it might be better for the Securities Exchange Commission to approach the Ontario Securities Commission to arrange a *modus operandi* for the elimination of the operations of the individuals concerned by appropriate administrative action of the Ontario authorities under provincial legislation. A study of the history of the problem reveals that relations between the Securities Exchange Commission and the Ontario Securities Commission have not been as carefully nurtured in the past as they might have been, and that the objections from the Ontario Attorney-General's Department to the 1942 Treaty may have been due in part to the absence of good relations between the two securities commissions. Co-operation between the two commissions might result in some solution of the problem. On the other hand, negotiation between the Canadian Gov-

ernment and the Securities Exchange Commission, without the full co-operation of the Ontario authorities, would not bring about the desired results. You will recall that one of the principal arguments against Parliamentary ratification of a new treaty making these offences extraditable crimes was that legislation with respect to securities in Canada is a matter within the jurisdiction of the Provinces, and that the Federal Government has no power to police the securities field in an indirect manner through an extradition treaty.

5. At the conclusion of the meeting, Mr. Morgan was told that Mr. Matthews, who is familiar with the problem and has already discussed it with officials of the Securities Exchange Commission, would be asked to approach the Commission informally to suggest that they take either of the two following steps:

(1) The Securities Exchange Commission might approach the Ontario Securities Commission directly and put their problems before them.

(2) The State Department might request the Canadian Government through you, or through the United States Embassy in Ottawa, to arrange a meeting between representatives of the Securities Exchange Commission and appropriate officials of the Ontario Government.

Any ensuing discussions might be directed to developing a *modus operandi* on a mutual and co-operative basis for the elimination of abuses in the sale of securities.

6. I should be grateful if you would ask Mr. Matthews to approach the Securities Exchange Commission and put these suggestions to them.

A.D.P. HEENEY

833.

DEA/10895-40

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. 856 Washington, March 10, 1951

RESTRICTED

Reference: Letter L-973 of March 3, 1951.

FRAUDULENT SALE OF SECURITIES IN THE UNITED STATES

In your letter you advised me of the discussions held in Ottawa with the Counsellor of the United States Embassy on the question of the fraudulent sale of securities and suggested that I ask Mr. Matthews to propose to the Securities and Exchange Commission that a meeting should be arranged between them and the Ontario Securities Commission.

2. As I pointed out in my letter of October 18, 1949, to Mr. Heeney, I consider this question to be a matter of general policy which affects the relations between the two countries. This being the case, I think it would be inappropriate to deal with

proposals taken up on numerous occasions with the Canadian Government by the Department of State, in Washington and in Ottawa, by opening discussions with the SEC. For the same reason I think that we should no longer resist the strenuous effort made by the United States authorities to discuss the possibility of re-opening negotiations for an extradition treaty covering security frauds. The suggestion contained in your letter is, in fact, a refusal even to discuss this matter, since it proposes instead that some *modus operandi* might be worked out between the SEC and the Ontario Securities Commission either with or without the assistance of the appropriate officials of the Canadian Government.

3. For these reasons, instead of complying with your suggestion I asked Mr. Matthews to arrange an interview with officials of the State Department to find out what had been their reaction to Mr. Morgan's report of his interview with Mr. Burbridge on February 20, 1951, and what further instructions they might propose to send to Mr. Morgan.

4. Yesterday Mr. Matthews saw Mr. Haselton, Officer in charge of Dominion Affairs, and Mr. Divens of the Legal Division of the State Department. He was advised that the United States officials have been disturbed by Mr. Morgan's report and were sending to him instructions to take this matter up again with External Affairs. It was pointed out that the United States authorities consider the fraudulent sale of securities by dealers operating from Canada to be a matter of growing seriousness. The SEC is under considerable pressure to take some action to prevent these sales, and it has only been at the request of the State Department that they have not launched an active publicity campaign against the sale of Canadian securities in the United States. Unless further discussions do take place, the State Department is doubtful whether they will be able to restrain the SEC from undertaking such a campaign.

5. While the enclosures forwarded with this Embassy's letter #2875 of November 9, 1950, implied that the SEC would not be ready to accept the principle of double criminality in an extradition treaty covering security frauds, it was pointed out in that letter and also in letter #2693 of October 26, 1950, that the impression gathered in discussing this matter with officers of State Department and the SEC was that the United States authorities would in fact be ready to accept that principle in any new treaty that might be negotiated.

6. Mr. Divens, who has been in close touch for many years with the legal officers of the SEC, yesterday stated very definitely that the United States authorities would be ready to accept a treaty that entirely eliminated reference to registration offences and would be confined to offences falling within the section of the Canadian Criminal Code relating to mail fraud and the obtaining of monies under false pretences. Mr. Divens was afraid that Mr. Morgan may not have made this point quite clear to the officers of the Department in Ottawa. Since your suggestion appears to have been based to a considerable extent upon a letter from the Department of Justice dated December 15 which asserted that 'single criminality' was the particularly objectionable feature of the U.S. proposals, Mr. Divens' doubts in this respect may be well founded.

7. The State Department officers also pointed out that the SEC is in constant touch with the Ontario Securities Commission; therefore, they do not think that further meetings as suggested in paragraph 5(1) of your letter would serve any useful purpose. They have an open mind on the suggestion contained in paragraph 5(2), if that is meant to lead to three-cornered discussions between officers of the two federal governments and officers of the Ontario Government. Their only hesitation in regard to this suggestion is that if a clear line of division should develop between the Ontario Government and the Canadian Government, the domestic political difficulties with which the Canadian Government is faced, and of which the State Department is fully aware, would be intensified. For this reason I am satisfied that United States officials would prefer preliminary informal talks with Canadian officials even though it might be necessary at a later date to arrange talks amongst the three parties.

8. As I have mentioned, I consider this problem to be a matter of some importance, which unless tackled may have an unfortunate effect on our relations in other connections; for that reason I think it essential that we should comply with the United States request that they be given an opportunity to lay before Canadian officials the present facts, and to make any suggestions that might overcome our difficulties in agreeing to open negotiations for an extradition treaty. While the United States authorities appear to be already fully aware that discussions looking towards a treaty would be futile if the principle of double criminality was not retained in full, this point could be emphasized when we advise them that we are ready to have informal talks.

9. It may be that some means could be developed of coping with the issue which would not involve the conclusion of extradition arrangements to which strong objection would be taken in Canada. If the character and extent of the dubious operations now being carried on from Toronto is as great as the SEC believes, might not the Ontario Government, if approached at a high level, be ready to put an end to these objectionable practices, especially if they were aware that their continuance would lead the SEC to start some sort of a publicity campaign?

10. Another matter which seems to have dropped out of consideration is the general desirability of modernizing and codifying our extradition arrangements with the United States. It was, I think, in 1930 that the drafting of a new treaty was undertaken, and I recall a series of meetings here on this subject in which I took part. The draft then produced later became the basis of the Treaty signed in 1942, which has not come into effect solely because it contains the objectionable element of 'single criminality' in respect of security offences. Extradition proceedings therefore are still conducted under a patchwork series of treaties beginning well over a hundred years ago and for the most part concluded between the British and United States Governments.

H.H. WRONG

834. DEA/10895-40

Note de la Direction juridique

Memorandum by Legal Division

[Ottawa], March 14, 1951

On March 14, Mr. Allan Anderson telephoned to say that he had received a call from a reporter of the Toronto *Telegram* who wanted to know if the Canadian Government was carrying on any discussions with the United States Government concerning the extradition of brokers selling stocks over the border. This reporter had seen the first of the articles in the *St. Louis Post Despatch*. He also informed Mr. Anderson that there was a series of radio broadcasts starting over the NBC, and that the SEC had a battery of eight men in Toronto who were digging up information for these broadcasts. Mr. Anderson asked what statement might be made concerning the query as to the discussions with the United States Government.

2. Subsequently, on the same day (March 14), a meeting was held in Mr. Heeney's office, attended by Mr. Plumptre, Mr. Anderson, Mr. Erichsen-Brown, and Mr. Grandy. There was directed to the attention of the meeting Mr. Wrong's Despatch No. 856 of March 10, 1951, in which he had taken a rather strong line against our suggestion that the SEC deal directly with Ontario but was in favour of our consenting to the holding of discussions. Mr. Anderson also reported on his discussions with the *Telegram*.

3. It was decided:

(a) That a memorandum should be prepared by Legal Division in consultation with American Division, for submission to Cabinet, requesting instructions as to whether discussions should be held and whether the Ontario authorities should be invited to participate.

(b) That Mr. Anderson should reply to the *Telegram* by saying that no discussions were taking place with the United States Government at the present time.

J.P. ERICHSEN-BROWN

PCO

835.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], April 4, 1951

. . .

EXTRADITION FOR SECURITIES FRAUDS

1. *The Secretary of State for External Affairs* said the U.S. government had been pressing for re-opening of negotiations on a new or revised treaty under which persons selling securities (by mail, telephone and telegraph) across the border into the United States could be extradited for trial in the United States for violation of

its laws. The Province of Ontario was in a special position in relation to this problem. It was recommended that:

(a) officials of the Departments of Justice, Finance, Secretary of State and External Affairs be authorized to enter into discussions in Canada with officials of the Securities and Exchange Commission and the U.S. Embassy;

(b) authority be given to invite officials representing the Ontario Securities Commission and the Department of the Attorney General of Ontario to participate in such discussions; and,

(c) the invitation to the Ontario authorities be by letters from the Under-Secretary of State for External Affairs to the Deputy Attorney General of Ontario and the Chairman of the Ontario Securities Commission.

An explanatory memorandum had been circulated.

(Minister's memorandum, March 21, 1951 — Cab. Doc. 88-51)†

2. *The Postmaster General* suggested that, as operations in the sale of securities were frequently conducted by mail, it might be desirable to have a representative of the Post Office present at discussions.

3. *The Prime Minister* thought that the Secretary of State for External Affairs should have a preliminary discussion with the Attorney General of Ontario before any letters were exchanged.

4. *The Cabinet*, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that officials of the Departments of Justice, Finance, Secretary of State, External Affairs and Post Office be authorized to enter into discussions with officials of the Securities and Exchange Commission and the U.S. Embassy and that, subject to satisfactory preliminary exchanges with the Attorney General of Ontario, invitations be extended to officials of the Ontario Securities Commission and the Department of the Attorney General of Ontario to participate in the discussions.

. . .

836. PCO

Note du ministre de la Justice pour le Cabinet

Memorandum from Minister of Justice to Cabinet

CABINET DOCUMENT NO. 165-51 Ottawa, June 5, 1951

CONFIDENTIAL

EXTRADITION FOR SECURITIES FRAUDS

In accordance with the Minute of Cabinet of April 4, 1951 and following a conversation between the Secretary of State for External Affairs, and Mr. Dana Porter, Attorney General of Ontario, discussions with officials of the Securities and Exchange Commission of the United States took place on May 1 and 2 in the pres-

ence of the Deputy Attorney General of Ontario and the Chairman of the Ontario Securities Commission.

2. In a preliminary exchange of views with the Ontario officials, it was agreed that there should be no extradition for technical offences such as failure to register, but only for fraud in the broad sense of the Canadian Criminal Code and that the traditional rule of double criminality should be retained in regard to extradition for securities frauds.

3. It will be recalled that for some years the United States had maintained the position that there should be extradition on the basis of single criminality of persons guilty of an offence against specific United States laws which however would not be an offence against any law in Canada. After the three-way discussions had opened, it became clear that the United States representatives, although reluctant, were willing to concede the principle of double criminality. They also stated that they were willing to restrict extradition to cases involving fraud provided that they could prosecute under their federal rather than state legislation. The Convention of 1900 proclaimed in Canada on September 14, 1901, had added to the list of extraditable crimes:

"11. Obtaining money, valuable securities, or other property by false pretences."

The domestic legislation corresponding to this provision is in Canada section 405 of the Criminal Code, and in the United States the criminal laws of 48 states. The regulation in the public interest of the sale of securities in the United States has been assumed by the federal agency, the S.E.C. which now dominates the field. Its authority is based on the provisions of the United States' Constitution as to the regulation of inter-state commerce and the use of the mails.

5. The United States representatives claimed that section 17(a) of the (federal) Securities Act, 1933, was directed against fraud in the sale of securities in a broad way and not in any narrow technical sense. They also maintained that this provision of their federal act was similar to section 444 (as amended in 1948) of the Canadian Criminal Code, and that the United States Mail Fraud Statute was similar to section 209(c) of the Canadian Criminal Code. For these reasons, they argued that it was possible to equate the federal legislation of both countries and thus eliminate what was a serious jurisdictional problem for them in attempting to extradite under the existing treaty. Both the Canadian and Ontario officials agreed that it would be desirable to broaden the scope of the false pretences section of the existing treaty so as to permit extradition for crimes under the legislation abovementioned.

6. Several alternative wordings were considered and eventually the officials of all three governments agreed to report back and recommend the acceptance of a wording, the text of which appears in a schedule to this memorandum. The Canadian officials in agreeing to recommend the acceptance of this text, however, pointed out that a minor amendment to section 209(c) of the Criminal Code would be necessary. The nature of this amendment is also indicated in the annexed schedule.

7. Mr. Lennox, Head of the Ontario Securities Commission, raised a collateral issue in the course of the discussions. It appeared that the requirements for registration with the S.E.C. are extremely burdensome and expensive — so much so that it

is practically impossible for small concerns seeking to raise capital in the United States to comply with them. (This fact was featured by a number of witnesses before the Standing Committee on External Affairs in 1945). The general rule of the S.E.C. is that all securities must comply with the full requirements both domestic and foreign. However, the Commissioners of the S.E.C. have a discretionary power to exempt issues not exceeding $300,000 in any one year of United States companies provided that they complete a short form application only. The Ontario Securities Commission has been pressing the S.E.C. for some time to secure an amendment from Congress which would permit exemption of Ontario companies under similar conditions. The S.E.C. representatives said that there are two difficulties:

(a) an administrative one—When the short form procedure is followed the S.E.C.'s powers are restricted to prosecutions for fraud "after the event". (They admitted that this objection would be lessened, if not removed, by an extradition treaty of the type envisaged.)

(b) a political one—Congress would not likely consent to a discretionary power to extend the summary procedure to foreign companies generally, and exemption of Canadian companies only from the full requirements would create difficulties in South America.

8. The collateral issue mentioned in the last paragraph was not put forward by the Ontario representatives, as a condition of their concurrence on any extradition arrangement. It was clear however that Ontario would welcome any pressure which could be put on the United States to reduce the present burden upon Canadian companies seeking to register with the S.E.C.

9. The proposed text would involve extradition for crimes corresponding to crimes under the Criminal Code only and there would remain no possible basis upon which any province could challenge the constitutional powers of the federal authorities.

10. It is suggested that if the United States Government concurs in the recommended text, every effort should be made to sign the treaty as soon as possible and that ratification take place shortly thereafter. Prior to ratification, the treaty might be tabled in the House. It is not necessary that ratification be authorized by Parliament having regard to the fact that there will be no fundamental change in the law (such as the introduction of a rule of single criminality contemplated in 1945 which would have changed the law in force for 100 years) and having regard also to the terms of the extradition act.

THE UNDERSIGNED accordingly after consultation with the Department of External Affairs recommends:

(a) That authority be given to the Secretary of State for External Affairs, in consultation with the Minister of Justice to negotiate a supplementary convention to the extradition treaty of 1842 with the United States, by which there would be substituted for the crime of obtaining false pretences as set forth in the supplementary convention of 1900, provisions substantially the same as in the text in the schedule hereto.

(b) That Parliament be asked to approve an amendment to Section 209(c) of the Criminal Code as set forth in the schedule hereto.

(c) That an effort be made in the negotiations with the United States to secure an extension to Canadian companies of the short form registration procedure for small issues now restricted to United States Companies, but that an amendment of United States legislation, to so provide be *not* made a condition of ratification of any supplementary convention negotiated under (a).

(d) That a suitable letter be sent by the Deputy Minister of Justice, in consultation with the Under-Secretary of State for External Affairs to the Deputy Attorneys General of the provinces, informing them of the proposed supplementary convention.[120]

S.S. GARSON

[PIÈCE JOINTE/ENCLOSURE]

Schedule

Replace the existing extraditable crime:

"11. Obtaining money, valuable securities, or other property by false pretences."

By the following:

"11. Obtaining property, money or valuable securities by false pretences or by defrauding the public or any person by deceit or falsehood or other fraudulent means, whether such deceit or falsehood or any fraudulent means would or would not amount to a false pretence.

11A. Making use of the mails in connection with schemes devised or intended to deceive or defraud the public or for the purpose of obtaining money under false pretences."

Amendment to Section 209(c) of Criminal Code:

"S. 209. Every one is guilty of an indictable offence and liable to two years' imprisonment who posts for transmission or delivery by or through the post, *who makes use of the mails for the purpose of transmitting or delivering:* *

(c) any letter or circular concerning schemes devised or intended to deceive and defraud the public, or for the purpose of obtaining money under false pretences."

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[120] Le 7 juin 1951, le Cabinet a accepté de modifier le paragraphe 209(c) du Code pénal, comme il avait été recommandé. Il a différé sa décision au sujet des autres recommandations jusqu'à ce que la modification du paragraphe 209(c) ait reçu la sanction royale.
Cabinet agreed on June 7, 1951 to amend Section 209(c) of the Criminal Code as recommended. It deferred decision on the other recommendations until the amendment to Section 209(c) had been given Royal Assent.

*The amendment would make the essence of the offence the use of the mails rather than posting with the objective that this section would (like the U.S. Mail Fraud Statute as interpreted by the U.S. courts), cover the use of the Canadian mails regardless of the country of posting. A possibly restrictive interpretation consequent upon the use of the word "posting" would thus be avoided.

837. DEA/10895-40

La Direction juridique
au ministre de l'ambassade aux États-Unis

Legal Division
to Minister, Embassy in United States

Ottawa, August 8, 1951

Dear Mr. Matthews,

I am indeed sorry to have created the impression that we have been neglecting to keep you informed on developments in the matter of a proposed amendment to the Extradition Treaty. The fact of the matter is, that I failed to prepare a reply to your telegram of June 15th† owing to an oversight. There are only two points on which we might have informed you, firstly, the action taken by Cabinet on June 5th (set forth in our telegram of to-day's date),† and, secondly, the draft received from the Embassy referred to in your telegram.

In connection with the latter I may say that we had not actually received it on that date. Mr. Morgan of the United States Embassy telephoned around the beginning of June to say that the officials in Washington had approved of the amendment agreed on at the Conference, but had suggested that it might be desirable to confirm the interpretation which the officials concerned intended to put upon the new text. This was at a time when the memorandum had already gone to Cabinet but we had not yet learned of its decision. When Cabinet decided to postpone its decision on the question of policy, I suggested to Mr. Morgan that we put off discussions until the policy had been decided. At that time we did not know how soon the Bill to amend the Criminal Code would go through the House.

Upon receipt of your wire of June 15th I decided that we had better have a look at the S.E.C. proposal and invited Mr. Morgan to come over and bring the draft with him. The draft is simple and the operative words read: "The enumeration numbered 11 in Article 1 of the Supplementary Extradition Convention signed on December 13th, 1900, between the United States of America and Her Britannic Majesty is hereby amended to read as follows: ("Paragraphs drafted at the Conference inserted here as Nos. 11a and 11b"). Mr. Morgan proposed to submit this draft to us under cover of a note, a draft of which is annexed.† (He was rather diffident about the text of this proposed note on the ground that he was not a lawyer).

It appeared to me that this note was generally consistent with the discussions, but I was doubtful as to whether the third main paragraph beginning "It is the understanding ..." was desirable. It seemed to me that the Treaty would have to

speak for itself. Some discussion with Mr. Varcoe was required, but it did not seem appropriate to ask him for his views until the question of policy had been decided.

The press reports have naturally led you to assume that more has happened here than has actually transpired. Mr. Lennox, the Ontario Security Commissioner, was called as a witness before a Committee of the Ontario Legislature and disclosed the fact of the participation of Ontario officials in the Conference at Ottawa at the invitation of the Canadian Government. It is clear that the Ontario authorities have been most discreet concerning these discussions and have also been anxious to co-operate with the Canadian Government. They continue to be very much concerned at the refusal of the S.E.C. to permit Canadian companies to use its short form registration procedure for small issues. You will recall that there has been some reluctance on the part of the S.E.C. to extend this privilege to Canadian companies for fear of similar demands from Latin America.

The Committee of the Ontario Legislature decided to request Mr. MacDonald [sic], Chairman of the S.E.C., to attend before it as a witness. Mr. Morgan saw the press report on this item and called me as to what our attitude might be. I took the line that the Canadian Government would welcome any co-operation between the United States and Ontario authorities. I also took the occasion to remind Morgan that we shared the view of the Ontario authorities as to the desirability of extending the short form registration procedure to Canadian companies. I have heard nothing further in this connection.

The recommendation before Cabinet suggests that an effort be made in the negotiations for an Extradition Treaty, to have the short form registration procedure extended to Canadian companies, but that such an extension be *not* made a condition for a Treaty.

Ken Burbridge is still away on leave. Things have been a bit hectic. I have worked the last three week-ends and it is partly owing to pressure of work that I did not write you before. Actually Mr. Moran spoke to me about Mr. Wrong's letter and I prepared a summary, which I thought (erroneously it turns out) had been sent on to you.

The Barcelona file has been in the care of Mr. Summers since August 1950. I understand he has made an effort to keep you informed, but he feels, and I am inclined to agree with him, that it is difficult and perhaps unnecessary to keep you fully informed on everything which transpires. He is preparing a despatch to you on the subject which will go out shortly.

With kindest regards, I am,

Yours sincerely,

J.P. ERICHSEN-BROWN

838. DEA/10895-40

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 L-2759 Ottawa, August 17, 1951

CONFIDENTIAL

Reference: Telegram EX-1583 of August 8, 1951.†

EXTRADITION FOR SECURITIES FRAUDS

1. This despatch will give you the latest information on the proposed supplementary Convention amending the supplementary Extradition Convention signed on December 13, 1900; and authorize you to make representations to the United States Government requesting the extension to Canadian companies of the short form registration procedure now available only to United States companies under existing United States law.

2. My telegram under reference, supplemented by Mr. Erichsen-Brown's letter of August 8, 1951, informs you that the United States Embassy has submitted a draft of the proposed supplementary Convention. The draft was considered satisfactory as to substance by the Deputy Minister of Justice and this Department. The United States Embassy in Ottawa was so informed, and that the provincial Attorneys General were being consulted on the substance of the proposed amendment. Cabinet considered the draft on August 8, 1951, with the result that a decision was taken to proceed as a matter of normal diplomatic negotiation to discuss with the appropriate United States authorities the addition of the two offences in question to those covered by the Extradition Treaty. It is expected that the United States will now formally propose a draft convention along the lines of the text already approved by the departmental officials concerned in Ottawa.

3. I might add to the foregoing that the United States Embassy in Ottawa submitted, together with the draft, a draft note purporting to enclose the draft Convention in which the interpretation intended to be put upon the text of the new Articles in the Convention would be confirmed so that their meaning would correspond precisely to the meanings intended by the United States and Canadian officials who drafted the new Articles. The United States Embassy was informed that the additional draft note would be inappropriate because every effort had been made to define the new extraditable offences in terms which would cover the laws of both countries and the precise meaning of the words used would, upon the conclusion of the Convention, be a question for the Extradition Judge.

4. When the United States Embassy submitted the draft convention, an opportunity was taken to express once more that Canada was most anxious to have the short form registration procedure available to United States companies under the laws governing the operations of the S.E.C. extended to Canadian companies. The

Embassy was informed that this question would be raised by the Canadian Embassy in Washington through the State Department. I think you have sufficient material upon which to base an approach to the State Department in this matter. If Mr. Matthews should happen to be in Toronto, it might be useful if he could discuss the matter with Mr. Lennox, Head of the Ontario Securities Commission, on an informal basis. Mr. Lennox disclosed in the course of discussions last May that he had gone to Washington and endeavoured to get the S.E.C. to extend the short form procedure to Canadian companies. Some first hand account from Mr. Lennox of these discussions with the S.E.C. might be of assistance in the approach to the State Department.

5. I attach for your records a copy of a letter† of today's date to the Deputy Minister of Justice which will bring you up-to-date on the action taking place at the present time in Ottawa.

A.D.P. HEENEY
for Secretary of State
for External Affairs

DEA/10895-40

839.

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

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

DESPATCH 2766 Washington, August 28, 1951

CONFIDENTIAL

Reference: Your despatch L-2759 of August 17.

EXTRADITION FOR SECURITY FRAUDS

1. Today, Mr. Matthews discussed with Mr. Haselton of the State Department and with Messrs. McEntyre and Kroll of SEC, the possibility of the Security and Exchange Commission authorizing the use of the short form of registration procedure by Canadian dealers, after the conclusion of the Extradition Agreement.

2. Mr. McEntyre said that the SEC had given careful and sympathetic consideration to the suggestion since the discussions in Ottawa last May. He was careful to point out that no final decision on the question has yet been taken but implied that he did expect that a satisfactory result could be obtained. The SEC did not believe that the regulations, which apply to the issuance of securities by United States security dealers, could be adopted for Canadian dealers without some amendment. The examples of the differences which he mentioned, were that all Canadian issues would have to be registered in Washington rather than in local offices of the SEC and also that owing to the time required for correspondence sale of the securities could not commence, without specific authorization, by SEC, for 10 days after registration rather than 5 days for domestic issues. He pointed out that frequently

written authority might be granted in less than 10 days and also suggested that if after an experimental period less time was found to be necessary the period might be shortened. Mr. McEntyre went on to say that the form they are considering for use by Canadian dealers would require considerably less detail than that now given in the prospectus which has to be filed with the Ontario Securities Commission. He thought it might be possible to work out some plan under which the Ontario prospectus would be filed with SEC plus a supplementary sheet giving additional information such as the agent of the security issuer upon whom documents could be served in the United States and also containing the statement required on all SEC prospectuses that registration with SEC did not imply approval of the issue by SEC.

3. Mr. McEntyre then went on to point out that in the case of domestic security issuers using the short form procedure there were two sanctions:

(a) Prosecution for fraud (this was referred to in the Minutes of the Ottawa discussion) and

(b) The use of injunctions.

While the former would be available in the case of a Canadian security dealer after the ratification of the new agreement, the Security and Exchange Commission had been considerably worried as to what could replace their use of injunctions. They point out that a criminal prosecution is a slow and clumsy weapon and they are afraid that if that was all that was available, in spite of the Extradition Treaty, the efforts of fraudulent security dealers in Canada might merely be increased if short form procedure was available. Recently, however, they have seen press reports of a statement made by Mr. Lennox of the Ontario Security Commission before the Ontario Committee of Inquiry, which they thought might provide the answer to this problem. They informed me that Mr. Lennox is reported to have said that if the short form procedure was made available to Canadian security dealers there would be no excuse for Canadian dealers endeavouring to sell securities in the United States without complying with the United States registration requirements. Mr. Lennox then went on to say that in his opinion an effort to sell in the United States without registration might be justification for revoking the dealer's Ontario licence. Mr. McEntyre said that if an understanding could be reached between the SEC and the Ontario Securities Commission that the Ontario Securities Commission would adopt the practice suggested by Mr. Lennox, he thought all difficulty in introducing the short form procedure would vanish. He pointed out, however, that the more vigorous enforcement of the Ontario laws had recently shown signs of driving some of the dealers from Toronto to Montreal and therefore felt that a similar arrangement would be required with the Province of Quebec.

4. SEC expect to have completed their draft regulations that would apply to registration by Canadian dealers on the short form within ten days to two weeks. Mr. McEntyre said that he thought it would be useful before the draft was finally adopted if he had an opportunity to discuss it with both the Ontario and Quebec authorities and implied that SEC would have an open mind concerning any amendments that the Ontario or Quebec authorities might wish to suggest. He also would want at that time to discuss with the authorities of both provinces the possibility of

their applying sanctions against security dealers who endeavoured to sell in the United States unregistered securities. He inquired whether there would be any objection to his making a direct approach to the provincial authorities to arrange for these discussions and pointed out that any arrangements between them would not be intergovernmental agreements but only agreements between regulatory authorities in both countries. Mr. Matthews agreed that such discussions would be desirable and that there would be no objection to the arrangements for a visit to Toronto and Quebec by Mr. McEntyre and Mr. Kroll being made outside diplomatic channels.

5. Mr. McEntyre raised the question of an exchange of notes at the time of the signature of the agreement. It was pointed out to Mr. McEntyre, in so far as the Canadian courts were concerned, the exchange of notes would have no effect whatsoever on the interpretation of the agreement. Mr. Matthews also said that in the opinion of Canadian officials the draft notes submitted by the United States Embassy in Ottawa, did correctly express the intention of those who took part in the Ottawa discussions and that the Ottawa officials were satisfied that that intention was correctly expressed in the draft agreement. Mr. Kroll pointed out that the position in the United States concerning the interpretation of treaties or statutes by a court was very different. He referred to a remark said to have been made by Mr. Justice Frankfurter on the bench of the Supreme Court, that now the United States courts were apt only to look at the text of a statute when the legislative history was obscure. Mr. McEntyre agreed, however, that in view of the Canadian practice of interpretating treaties the SEC would withdraw their request for an exchange of notes at the time of signature.

6. Mr. McEntyre believes that it would probably be possible to obtain senatorial approval of ratification if the agreement is signed not later than two weeks before the adjournment of Congress. He is going to make inquiries immediately in the appropriate senatorial committees and if he finds that ratification would be possible on short notice he will let us know and hopes that in that event, we will do everything possible to expedite consideration of the agreement in Canada.

7. For your information, I am enclosing one copy of a letter† from Mr. McEntyre to the Honourable Dana Porter, which letter was read into the record of the hearings of the Ontario Committee on the Administration of Justice.

W.D. MATTHEWS

840. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1951

. . .

EXTRADITION FOR SECURITIES FRAUDS; SUPPLEMENTARY CONVENTION WITH THE U.S.; SIGNATURE

24. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of September 5th, 1951, submitted a draft supplementary convention with the United States providing for a limited extradition for securities frauds and, with the concurrence of the Minister of Justice, recommended that he and Mr. Garson be authorized to sign.

25. *The Cabinet*, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that he and the Minister of Justice be authorized to sign, on behalf of the Government of Canada, in the form proposed, a supplementary convention with the United States to amend the convention of December 13th, 1900, amending the Extradition Treaty of August 9th, 1842; an Order in Council to be passed accordingly.[121]

(Order in Council P.C. 5736, Oct. 25, 1951)†

SECTION E

PROJET HYDROÉLECTRIQUE DU FLEUVE YUKON
YUKON RIVER POWER PROJECT

841. DEA/2492-E-40

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

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

CONFIDENTIAL [Ottawa], February 28, 1951

YUKON RIVER POWER PROJECT

The Cabinet agenda for Thursday, March 1, includes a progress report on the work of the Canadian Section of the Joint Canadian-United States Economic Committee on the Yukon River Power Project. The Minister of Resources and Development recommends that the United States Government be informed that Canada is not prepared to take any further steps with respect to a joint investigation into this

[121] Voir Canada, *Recueil des traités*, 1952, N°. 12./See Canada, *Treaty Series*, 1952, No. 12.

problem until we have explored further the possibility of using the waters concerned in Canada.

2. You will remember that when the proposal of a joint investigation was first considered, the Cabinet was not convinced that such a development would be favourable, on balance, to Canada, and agreed to a joint study only on the distinct understanding that this would involve no commitment as to further action.[122]

3. The British Columbia Government is anxious to have any further work on this study deferred. In addition, the report of the Canadian Section of the Joint Economic Committee does not suggest that this project would be of substantial advantage to Canada.

4. While this is not stated in Mr. Winter's memorandum, I understand Mr. Howe is opposed to further Canadian participation in this joint study, perhaps because of the difficulties that have arisen over the sale of Canadian aluminum to the United States Government.

5. The question may arise whether the results of the studies already made by the Canadian Section of the Joint Economic Committee should be made available to the United States Section if the Cabinet decides against Canadian participation in any further studies. In the exchange of notes which initiated this joint study the United States Note said *inter alia* "that the United States agrees to the joint study as contemplated by the draft instructions attached as Appendix B to the record of the meeting of November 21 and 22, 1949". The Appendix B referred to suggested that a study of the project's engineering feasibility and its economic implications should be initiated "on a cooperative and exchange basis" by the interested Departments of the two Governments. This understanding was not challenged in our reply to the United States Note. I think, therefore, that it was clearly understood on both sides that the studies would be made "on a cooperative and exchange basis", and that it would be somewhat difficult to refuse to the United States members the economic studies already made by the Canadian Section of the Joint Economic Committee. (I attach copies of the notes exchanged and of the Appendix which contained these words.)†

A.D.P. H[EENEY]

842. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 2, 1951

. . . .

RESOURCES AND DEVELOPMENT; POWER DEVELOPMENT IN THE YUKON

25. *The Minister of Resources and Development*, referring to discussion at the meeting of April 5th, 1950, said that the economic study to determine the engineer-

[122] Voir/See Volume 16, Document 873.

ing feasibility and economic implications of the Yukon River power diversion project had now been completed. The U.S. government had made similar investigations in Alaska. U.S. officials were pressing for joint consideration of the reports so that a decision could be made as to the next step. The government of British Columbia was anxious to have further work on the project deferred and there was a possibility that the water could be used to good advantage in Canada. There had been a clear understanding that, in undertaking the studies, Canada would in no way be committed to future action. It was recommended that no further steps be taken with respect to a joint investigation.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 26, and appendices — Cab. Doc. 62-51)†

26. *The Cabinet*, after discussion, approved the recommendation of the Minister of Resources and Development and agreed that the Minister and the Secretary of State for External Affairs draft a communication to inform the U.S. government that Canada was not prepared to take any further steps with respect to a joint investigation into the Yukon River power diversion project until there had been exploration of the possibility of using the waters in Canada; the draft communication to be submitted for consideration before despatch.

. . .

843. DEA/2492-E-40

Note de la Direction des Amériques et de l'Extrême-Orient pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from American and Far Eastern Division to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 2, 1951

YUKON RIVER PROJECT

Mr. Herbert of Resources and Development has just told me of a conversation he had with Mr. Willoughby when the latter received our Note on the Yukon River Project.

Willoughby told him it was his impression that the real meaning of the Canadian Government's decision was that nothing at all would be done with this water, even by Canada. Herbert said there was no reason to assume that; he added that, while he simply did not know whether Canada would use the water, there was no doubt that preliminary studies did in fact indicate a possibility of using the water in Canada. Funds have been included in the Resources and Development estimates for this investigation, which could be used to explore the feasibility of Canadian use of the water. He assured Willoughby that the mention of this in our Note as a reason for the Canadian decision to discontinue the joint study was not a red herring, although he agreed that it would be reasonable to suppose that the United States decision not to enter into a contract for aluminum from the new Kitimat plant might have influenced the decision.

Herbert is having lunch with Willoughby tomorrow and will show him, on the map, where it is thought a diversion of the water might be made in Canada.

J.F. G[RANDY]

SECTION F

CAMIONNAGE SOUS DOUANE
TRUCKING IN BOND

844. DEA/48-FS-40

Le secrétaire d'État aux Affaires extérieures au premier ministre de l'Ontario

Secretary of State for External Affairs to Premier of Ontario

CONFIDENTIAL Ottawa, April 16, 1951

Mr dear Premier:

TRANSIT TRUCKING IN BOND ACROSS SOUTHERN ONTARIO

On June 22nd, 1948, Mr. St. Laurent, then Secretary of State for External Affairs, wrote to the Honourable Colin Gibson, then Secretary of State, asking him to draw the attention of the Lieutenant Governor of Ontario to the desirability of altering certain regulations of the Ontario Government so as to permit transit trucking in bond across Southern Ontario. I understand that at that time your Government considered this question, but that the regulations were not altered so as to permit this traffic.

The interest of the Federal Government in the question of transit trucking in bond arises from two sources. Firstly, Canada is a contracting Party to the General Agreement on Tariffs and Trade. Article V of this Agreement (copy attached†) requires Contracting Parties to permit freedom of transit through their territories. The fact that the provisions of this article have not been fulfilled has presented some difficulties for the Federal Government. Secondly, as pointed out by the United States authorities, Canadian trucks from all provinces have transit privileges through United States territory, even though some provinces have not granted reciprocal rights. An example of this traffic is the transport by Canadian trucking companies of automobiles manufactured in Ontario to markets in Western Canada. It has been reported that the monthly average number of trucks engaging in this traffic alone very nearly equals the monthly average number of United States trucks which engaged in the transport of goods in bond across Southern Ontario during the war. This represents a substantial change in the trucking situation from that which existed in the pre-war period. It is reasonable to assume that the freedom of operation which Canadian trucks now enjoy in the United States will not be continued indefinitely if we are not prepared to grant United States trucks reciprocal privileges in Canada.

The question of transit trucking through Southern Ontario is of considerable importance to United States trucking firms as the use of the Canadian route would save a substantial amount of driving time. For example, traffic moving between Detroit and Buffalo via the 261 mile route through the Niagara Peninsula saves 104 miles or 6 hours driving time.

Recently, the United States Embassy approached us again and asked that we take the matter up once more with the Ontario Government. We are also informed that the Canadian section of the Joint Canada-United States Chambers of Commerce Committee is intending to request an interview with you during this month to urge that the provincial regulations be altered to permit transit trucking.

In the past objections to trucking in bond across Southern Ontario have been raised primarily by the United States and Canadian railway companies and by the Railway Brotherhood. It appears, however, that the bulk of the bonded freight through Southern Ontario is carried by United States railways, and consequently the interest of the Canadian railways in the transit trucking issue is relatively small. The real dispute seems to lie between the United States trucking companies and the United States railways.

The United States Government has expressed a strong interest in the solution to the trucking in bond issue. Besides creating difficulties between the United States and Canadian Governments, the fact that the terms of Article V of GATT have not been implemented tends to interfere from time to time when we are seeking the assistance of the United States Government on various matters — including matters in which the Ontario Government has an interest.

In view of all these considerations, I should be grateful if your Government would review its previous decision on this question and give favourable consideration to altering present regulations and practices so as to permit transit trucking.

We should also welcome any information on the Ontario Government's views on transit trucking and would greatly appreciate being kept informed of future developments.

Yours sincerely,
L.B. PEARSON

845. DEA/48-FS-40

Le premier ministre de l'Ontario
au secrétaire d'État aux Affaires extérieures

Premier of Ontario
to Secretary of State for External Affairs

CONFIDENTIAL Toronto, April 19, 1951

Dear Mr. Pearson:

I have for acknowledgment your letter date-lined April, 1951, concerning transit trucking in bond across Southern Ontario. The Honourable Mr. Doucett, the Minister of Highways, is away and I shall discuss the matter with him on his return.

One of the very important factors in this matter which probably has not been given consideration by you is our traffic problem. For some eleven years now we have been in very abnormal conditions. True, a large portion of that time building materials were not available and once again we are in a period of very severe restriction. The result is that our road building program is very much in arrears. In the meantime our motor car registration has risen and is now considerably in excess of a million registrations. One of our very pressing problems is a two-lane highway from Windsor through to Hamilton and the Niagara Peninsula. This year we are only able to make a very small commencement on this road, and in the meantime the traffic conditions on the highways leading from the Windsor area to the Niagara Peninsula and Toronto are over-crowded.

In addition to that we have to take care of tourist cars entering from the United States which now very greatly exceed our total registration in Ontario. This will give you one substantial reason why we are hesitant to do anything which would further complicate our problem.

It is, of course, quite true that during the war days traffic was permitted on Highway number 3, and many thousands of American trucks availed themselves of this privilege. I may say that very considerable damage occurred to the road, which in fact we have not been able to catch up with. The cost of repairs and replacement of some of our roads is just as expensive under present conditions as it used to be to build an entirely new road. I point out, however, that during the war days due to gasoline, tire and other restrictions the traffic in the Province was very much limited. This does not apply under present conditions where we have had a vast increase in motor traffic without a corresponding extension of our road system.

I shall be glad indeed to discuss the matter with Mr. Doucett upon his return. In the meantime, however, I thought it best to tell you about the above situation.

Very sincerely yours,
LESLIE M. FROST

846. DEA/48-FS-40

Note du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures[123]

Memorandum from Secretary of State for External Affairs to Under-Secretary of State for External Affairs[123]

[Ottawa], May 18, 1951

TRUCKING IN BOND

At yesterday's Cabinet meeting, Mr. Chevrier brought up this question and stated that we had sent a letter to the Premier of Ontario asking for provincial

[123] Note marginale :/Marginal note:
Important. Mr. Moran please speak to me about this. A.D.P.H[eeney] May 19

action, without consulting his Department. He spoke in terms of very considerable annoyance. I managed to get the facts at once and to prove to him that we had, in fact, sent his Department a copy of the draft letter to Mr. Frost before it was sent to Toronto, and had waited two weeks for the comments of his Department. He apologized for his misunderstanding of the facts, but still feels that it was unfortunate that the letter went without a further effort to hasten the reply from his Department.

2. I believe there is some feeling among those concerned here that we are under no particular obligation to consult Transport in this matter. I think that this is a mistake and that we should keep in very close touch with them concerning it, difficult though, at times, that may be.[124]

L.B. P[EARSON]

847. DEA/48-FS-40

Le secrétaire d'État aux Affaires extérieures au ministre des Transports

Secretary of State for External Affairs to Minister of Transport

Ottawa, May 30, 1951

Dear Lionel [Chevrier],

I am returning herewith the memorandum† from your Deputy concerning trucking in bond across Southern Ontario.

I agree that when our Department asked your Deputy to ascertain the comments of the Canadian National Railways on this subject, we should have delayed sending the letter to Premier Frost or should have at least let you know that we found ourselves unable to hold it up any longer. I apologize for that.

Incidentally, I perhaps should tell you that my Department was under heavy pressure from within and without Canada to renew our request to the Government of Ontario to reconsider the matter. This pressure included personal visits to Ottawa of the Canadian solicitors acting for the various trucking associations, representations from individuals on behalf of various interests in Southwestern Ontario, requests for action by the United States Government under our obligation in the General Agreement on Tariffs and Trade to permit trucking in bond across Canada and by the Canadian Chamber of Commerce who were proposing to send a delegation to see Premier Frost and who hoped that our letter could precede their visit. In addition, our friend Paul Martin became concerned when the State of Michigan refused to permit Canadian trucks proceeding from Windsor to Western Canada to

[124] Note marginale :/Marginal note:
I spoke to the Minister and gave him the background. I told him we were being pressed for action by the Chamber of Commerce, Mr. Springsteen and U.S. Embassy. In addition, Mr. Martin asked us to hasten the letter to Ont[ario] because Michigan had stopped Ont[ario] trucks proceeding through that State. We felt we could delay no longer. H.M[oran].

pass through that state until Ontario took some action on the trucking in bond problem. Paul urged us to get our letter into the hands of the Ontario Government at the earliest possible date, so that he could refer to it in his conversations with the Michigan State Governor as an indication of the Canadian Government's good faith. This background may serve to throw some light on the action taken by my Department at that time.

Yours sincerely,
L.B. PEARSON

848. DEA/48-FS-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-2994 Ottawa, September 28, 1951

TRUCKING IN BOND ACROSS SOUTHERN ONTARIO

Willoughby raised this matter with Plumptre again yesterday. (We have been receiving informal representations regarding it every few weeks). Willoughby seemed to hope that this Department would take some new initiative vis-à-vis the Government of Ontario. Plumptre told him pretty straight that he did not think Ministers would be willing to take any further action, at any rate until there was some significant change in the circumstances. Mr. Pearson had written to Mr. Frost in the Spring and followed it up more recently with a reminder.† No further action could be anticipated at this time.

2. Willoughby said that he was expecting to attend a Highways Convention in the United States (Boston) in about a fortnight. While most of the Convention would be occupied with rather technical matters, he anticipated that trucking in bond would come up; indeed this was the reason for his invitation. He was afraid that some of the States might take retaliatory action against Canada and deny to Canadian carriers the use of United States roads and other facilities.

3. When pressed to be specific as to what he feared, it emerged that he did not really expect very much to happen. He himself pointed out that the vast majority of States had no particular interest in the matter.

4. Plumptre pointed out that, since the Canadian Government has gone as far as it was likely to go at this time, any additional pressure would have to be levelled directly at the Government of Ontario. He suggested that a representative of the Ontario Department of Highways might possibly be invited to attend the Convention but Mr. Willoughby did not seem to think that there would be anybody at the Convention who would really be in a position to bring any pressure on the Ontario Government.

5. Willoughby asked whether the Canadian Government would simply stand by if there was a real threat of retaliation. Plumptre replied that he could not anticipate

what action Ministers would in fact take in a given set of circumstances. However, if the Department of State officially informed the Canadian Government that specific retaliation was imminent, and that certain States were about to take certain actions, he thought it likely that Ministers would wish to pass this information on to the Government of Ontario.

H.O. MORAN
for Secretary of State
for External Affairs

SECTION G

BIÈRE, VIN ET ALCOOL
BEER, WINE AND SPIRITS

849. DEA/3300-40

Le chef de la Direction économique
au sous-ministre du Revenu national (douanes et accise)

Head, Economic Division,
to Deputy Minister of National Revenue (Customs and Excise)

RESTRICTED Ottawa, June 15, 1951

Dear Mr. Sim:

BEER, WINE AND SPIRITS — IMPORTS FROM THE UNITED STATES

I attach a self-explanatory despatch to Washington on this subject. I was glad to be able to assure Mr. Willoughby and his colleague, Mr. Habib, that you would pursue the matter with them when you come back to Ottawa. They are under some pressure from Washington and would be grateful to be able to see you as soon as possible. I would be glad if either I or an officer of my Division could be present when you speak to them.

2. It does seem clear that the Liquor Control Boards are exercising some discrimination against United States imports, at any rate of wines, and probably of beers also. Since the Federal Government gave them a lead in this direction some years ago it would seem desirable at this time to let them know that, as far as the Federal Government is concerned, there is no continuing justification for discrimination. Indeed I think it might well be brought to the attention of these Boards that under GATT it is the policy of the Dominion Government that purchases should be made on a commercial basis rather than a protectionist basis.

3. I am sending copies of this letter and the attached despatch to the Departments of Trade and Commerce and Finance.

Yours sincerely,
A.F.W. PLUMPTRE

[PIÈCE JOINTE/ENCLOSURE]

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-2294 Ottawa, June 15, 1951

RESTRICTED

BEER, WINE AND SPIRITS — IMPORTS FROM THE UNITED STATES

Officials of the United States Embassy have approached this Department alleging discrimination amongst the Provincial Liquor Boards against importation of beer, wine and spirits from the United States.

2. After a preliminary consultation with the Department of National Revenue it was explained to the United States officials that, during the period of acute U.S. dollar shortage in 1947-8, there had been an informal approach from the Federal authorities to the Provincial Liquor Boards suggesting some economy in purchases of American wines. However, there had been no approach to them since that time and at no time had there been any approach regarding imports of beer and spirits. Hence at the present time the Liquor Boards were entirely free to purchase from the United States although it was admitted that there was probably some carry-over up to the present of the discriminatory attitude on wines which had been suggested some years ago.

3. The United States officials recalled that they had raised the matter with us some three years ago but, because Canadian exchange difficulties were serious at that time, they had been willing not to pursue it. However, there were no exchange difficulties at present and all official restrictions had been taken off. The discrimination was apparently continuing. The United States Consuls had been in touch with the Liquor Boards in Ontario and British Columbia and had gathered that the discrimination seemed to be a matter of informal agreement amongst the Liquor Boards and was based to a considerable extent on a deliberate attempt to protect Canadian breweries and wineries. There was a continual pressure on the United States authorities in Washington to attempt to get this discrimination removed, a pressure which was particularly heavy at the present when there seemed to be no justification for it in the Canadian dollar position.

4. The United States officials were told that some Provincial Liquor Boards had in the past imported United States spirits and offered them for sale but had found little or no market for them. Since the four largest United States distillers were also operating in Canada it was scarcely to be expected that there would be much importation of spirits from the United States. The United States officials agreed, saying that their worries were chiefly, if not exclusively, in the fields of beer and wine.

5. As for beer, they did not anticipate any substantial imports into Canada from the United States under any circumstances. What rankled in the minds of United

States producers and dealers was the fact that they were completely excluded and were given no opportunity to compete.

6. In the field of wines the United States officials stated that, even when American wines were imported into Canada (as they had been in substantial quantities at certain times in the past), they were not handled equitably by Canadian Liquor Commissions. Although their cost to the Commissions was relatively low they were priced with French wines rather than to compete with Canadian domestic wines. They referred to some recent agitation in the Province of British Columbia for the import of American wines.

7. The Deputy Minister of National Revenue (Customs and Excise) is away from Ottawa at present but has undertaken to discuss the matter further with the United States officials when he returns.

A.F.W. PLUMPTRE
for Secretary of State
for External Affairs

850. DEA/3300-40

Le sous-ministre du Revenu national (douanes et accise) au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of National Revenue (Customs and Excise) to Under-Secretary of State for External Affairs

RESTRICTED Ottawa, July 4, 1951

Dear Sir,

RE BEER, WINE AND SPIRITS — IMPORTS FROM THE UNITED STATES

I have read with interest your letter of June 15th, with enclosed despatch on this subject.

It must be borne in mind that the retailing of intoxicating liquors is a matter coming solely within the purview of the Provinces and I feel that we would only be inviting a rebuff from at least some of them if we undertook to formally question them in this regard.

I am aware that they have an informal understanding among themselves that they will not purchase wines in the United States but I have no knowledge of any similar arrangement in regard to spirits or beer. As far as these two commodities are concerned, I am inclined to the opinion that there is little or no practical demand from consumers. The most important distillers in the United States have related companies in Canada and while there is a substantial movement of bulk spirits across the border in both directions, principally for blending purposes, the trade would seem to have little interest in pushing the sale of spirits bottled in the United States.

The few Provinces which have from time to time stocked United States spirits seem to have found that the goods remained on the shelves and this is understanda-

ble because a tourist coming to Canada is inclined to look for Canadian whisky which, I am advised, has achieved an enviable reputation. The same consumer preference is apparently found in connection with beer. Canadians seem to be relatively well satisfied with the product produced here and incoming Americans seem to regard it as one of the amenities which they look for on this side of the border.

The situation I think is not quite the same in regard to wine. California, in particular, seems to produce some types which, notwithstanding the tariff, could compete with our domestic vintages, but as a consequence of the informal arrangement among the Provincial Liquor Commissioners, little or no wine is imported from the United States except, possibly, some for sacramental purposes.

The Commissioners were encouraged in this arrangement some years ago by ourselves when Canada was facing a serious dollar shortage. Indeed, I recall participating in some discussions in this regard at one of the annual conferences of Liquor Commissioners held prior to 1948. At subsequent conferences, I have been careful to tell the Liquor Commissioners that there was no longer any Federal interest in their restraining their purchases because of currency considerations and there is, of course, no Federal prohibition on importation.

I think, perhaps, to meet the request now made to your Department by Mr. Woodbury Willoughby, Economic Counsellor of the United States Embassy, that it would be more appropriate if, instead of communicating in a formal way with the Provinces, we undertook to speak to them about this matter at the next conference of Liquor Commissioners which I understand will be held some time in September. There can, of course, be no assurance that they will change their policy because, after all, it is a matter upon which the final decision must rest with them, but I would hope to make it clear that insofar as the Federal Government is concerned, we must have regard to our obligations under GATT and are therefore impelled to ask them to consider the importation of wine from the United States on a purely commercial basis without regard to any domestic considerations.

Yours faithfully,

DAVID SIM

851. DEA/3300-40

Note de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

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

[Ottawa], July 10, 1951

Attention: Mr. Moran

IMPORTATION OF BEER, WINE AND SPIRITS FROM THE UNITED STATES

On June 15th Willoughby of the United States Embassy approached this Division on the above-mentioned subject, alleging discrimination amongst Provincial Liquor Control Boards against the importation of beer, wine and spirits from the United States. We took the matter up with Mr. Sim of National Revenue, and he subsequently had several conversations with Mr. Willoughby. Sim told Willoughby that he would take the matter up at the next meeting of the Provincial Liquor Commissioners in September.

2. Willoughby did not wish to let the matter rest, however, as the State Department is under some current pressure from United States exporters and he wishes to be able to show some concrete evidence of the action he has taken. Accordingly, he prepared a draft note† (on top of the attached file) in rather strong terms, written with a view to circulation to interested United States Congressmen and exporters. In his conversations with us he has also expressed the hope that we might find it possible to send letters to the Provincial L.C.B.s requesting them to cease discriminating against United States products.

3. I do not think we should encourage Willoughby to send this note, or even a more conciliatory draft.[125] A formal approach, particularly of this nature, is not likely to help the Government to meet the United States request and might serve merely to encourage the United States exporters and create further hard feeling if the Provincial Boards do not increase their purchases in the United States. It is not in order, I think, at this stage to send letters to the Provincial Boards.

4. We have talked this over with Sim and he agrees completely. I attach a letter from him of July 4th, setting out the present situation and recommending that, instead of communicating in a formal way with the Provinces, we (i.e., Sim) undertake to speak to the Provincial Commissioners about this matter at their next meeting. Sim feels that this sort of approach may bring results in at least some of the Provinces.

5. If you agree with this suggestion, perhaps you would like to call Willoughby in and pass on our views to him.

A.G.S. G[RIFFITH]

[125] Note marginale :/Marginal note:
Agree[d] H.M[oran].

P.S. Willoughby phoned yesterday & I believe he intends to try to see you today.[126]
F.G. H[OOTON]

852. DEA/3300-40

Note de la Direction économique
Memorandum by Economic Division

[Ottawa], July 17, 1951

IMPORTATION OF BEER, WINE AND SPIRITS FROM THE UNITED STATES

After talking to Mr. Moran, Mr. Willoughby has decided not to send the draft note to which reference is made in our memorandum of July 10th to the Under-Secretary. He has agreed to rely on the informal approaches he has made and Sim's assurance that he will take the whole matter up with the Provincial Liquor Commissioners at their next annual meeting in September.

Willoughby asked to have his draft note returned to him. The following are the main points in his note:

American producers have been given to understand that for some time Canadian Provincial Liquor Control Boards have, by "gentlemen's agreement", limited the distribution in Canada of U.S. alcoholic beverages. Whether limitations on imports are achieved by this method or by other means, it is clear that such imports from the United States have been substantially less than might be expected if restrictions were not in effect. In 1950, for example, U.S. exports of beer, ale, porter and stout to Canada were valued at only $98. and U.S. export of wines at only $47,732. Although U.S. exports of whisky to Canada in that year were valued at $2,315,642., it is understood that such purchases are chiefly in bulk and used for blending with Canadian whisky, much of which is shipped to the United States.

On the other hand, U.S. imports of alcoholic beverages from Canada have been substantial and are increasing. In 1950, purchases of Canadian whisky totalled $33,491,941. and purchases of Canadian beer, ale, porter and stout totalled $1,638,142. Moreover, at Geneva in 1947 and at Torquay in 1951, the U.S. granted Canada valuable tariff concessions on alcoholic beverages which benefitted, and will no doubt further benefit, Canadian exporters of these products to the U.S.

On the basis of their own investigations of the Canadian market, American producers of alcoholic beverages have satisfied themselves that there is a demand for their products in Canada. As a result, a number of requests have been received from these producers for assistance in persuading provincial authorities to alter their restrictive policies. In seeking the assistance of the U.S. Govern-

[126] Note marginale :/Marginal note:
I will speak to him along lines of this memo & Mr. Sim's letter. H.M[oran]

ment, these producers have pointed out that the General Agreement on Tariffs and Trade contains provisions pertinent to the situation, referring in particular to those provisions relative to the operations of state-trading enterprises (Article XVII), most-favored-nation treatment, and observance of the Agreement by regional and local governments (Article XXIV). They have also emphasized that these restrictions reduce or eliminate, insofar as the United States is concerned, the value of the concessions granted by Canada at Geneva and continued at Torquay, on several types of alcoholic beverages, covered by Canadian tariff items, 146, 147, ex-156, ex-163 and 165.

In the circumstances it has become increasingly difficult for the U.S. Government to give American producers of alcoholic beverages an explanation for their inability to sell their products in Canada which the latter can accept as reasonable or justified. As a result there has been developed an amount of irritation which is out of proportion to the advantages which are presumably obtained by Canadian producers through the protection afforded by these limitations on imports.

F.G. H[OOTON]

853.

DEA/3300-40

Le sous-secrétaire d'État aux Affaires extérieures
au conseiller aux affaires économiques de l'ambassade des États-Unis

Under-Secretary of State for External Affairs
to Counsellor for Economic Affairs, Embassy of United States

Ottawa, October 9, 1951

Dear Mr. Willoughby:

I refer to previous discussions which you have had with this Department concerning the importation by the Provincial Liquor Control Boards of beer, wine and spirits and the reports which you draw to our attention of alleged discrimination against such imports from the United States.

I am now glad to report that Mr. David Sim, Deputy Minister of National Revenue, Customs and Excise, brought this matter up at the annual conference of the Provincial Liquor Commissioners last August. Mr. Sim drew the Conference's attention to representations you had made to us and pointed out that there was no reason for restricting purchases of beer, wine and spirits from the United States as United States dollars are freely available for this purpose. Furthermore, he pointed out that Canada is obliged under the General Agreement on Tariffs and Trade to eliminate any restrictions other than duties and taxes on the importation of products from another Contracting Party, and urged the Provincial Liquor Commissioners to make their purchases on a purely commercial basis.

The Conference passed a resolution on this subject which, while leaving the matter of implementation in the hands of the individual Commissions, is in conformity with the points made by Mr. Sim.

A.D.P. HEENEY

3e PARTIE/PART 3

COMMISSION MIXTE INTERNATIONALE
INTERNATIONAL JOINT COMMISSION

SECTION A

LAKE OF THE WOODS

854. 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. 139-51 Ottawa, May 9, 1951

CONFIDENTIAL

PROPOSED REFERENCE TO THE INTERNATIONAL JOINT COMMISSION ON THE LAKE OF THE WOODS WATERSHED

In November 1950, the United States Government proposed that a joint reference be made to the International Joint Commission calling for a full investigation of the present methods of the regulation of the Lake of the Woods and its watershed.

The Commission has investigated most of this watershed pursuant to two previous references, one on the Lake of the Woods in 1912, and another on the Rainy Lake area in 1925.[127] Both investigations resulted in the conclusion of conventions between Canada and the United States, the Lake of the Woods Convention of 1925, and the Rainy Lake Convention of 1938.[128] The methods of regulation established by these conventions worked satisfactorily until 1950, when an extensive flood

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[127] Pour la référence au secteur de lac à la Pluie, voir/For reference concerning Rainy Lake area, see *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. 524-525.

[128] Pour la Convention sur le lac des Bois de 1925, voir/For Lake of the Woods Convention of 1925, see *Treaties and Agreements affecting Canada in force between His Majesty and the United States of America with subsidiary documents, 1814-1925*, pp. 520-525.
Pour la Convention sur le lac à la Pluie de 1938, voir Canada, *Recueil des traités*, 1940, N° 9.
For Rainy Lake Convention of 1938, see Canada, *Treaty Series*, 1940, No. 9.

occurred despite every effort to prevent it. It was this flood which led to the United States proposal of a new investigation.

The United States proposal was discussed at a meeting of officials of the Governments of Canada, Ontario and Manitoba. The provincial representatives indicated that they would prefer not to have this subject re-opened. If, however, Canada could not refuse to agree to a reference, they considered that the terms of reference suggested by the United States would not be satisfactory. If a reference were to result in such a change in the method of regulation as would reduce the volume of water storage in the Lake of the Woods, hydro-electric power production in both provinces would suffer.

As a result of this meeting a reply was sent to the United States Embassy asking for information about the nature and extent of the damage caused in the United States by the 1950 flood. It was thought that if the damage was found to be not very extensive it would then be possible to point out to the United States Government that the cost of an investigation would not be justified in comparison with the amount of damage suffered. In reply, however, the United States Government said that the determination of the nature and extent of the damage would be a matter for the Commission, and repeated its request for a joint reference.

If we were to refuse to agree to a joint reference the United States, under the provisions of the Boundary Waters Treaty of 1909,[129] could refer the matter to the Commission without our consent. The investigation would then be based on the terms of reference proposed by the United States, which are prejudicial to the important Canadian interests involved. (The United States draft is attached as Appendix A.)

For this reason, a revised draft of terms of reference has been prepared by the interested Canadian Government departments. This draft has been sent to the two provinces and we have been informed that it is satisfactory from their point of view. It begins by asking the Commission whether the existing arrangements are adequate. Only if they are inadequate is the Commission to make an investigation. If an investigation is made, the Commission is to bear in mind "the necessity of preserving the storage ranges" provided for by the present arrangement. (This draft is attached as Appendix B.)

I recommend that the Canadian Government agree to a joint reference to the Commission on the basis of the draft terms of reference in Appendix B.[130]

L.B. PEARSON

[129] Voir/See *Treaties and Agreements affecting Canada in force between His Majesty and the United States of America with subsidiary documents, 1814-1925*, pp. 312-319.
[130] Approuvé par le Cabinet, le 16 mai 1951./Approved by Cabinet, May 16, 1951.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Appendice A

Appendix A

September ____, 1950

DRAFT REFERENCE PROPOSED BY THE UNITED STATES

In view of the damage caused in the Lake of the Woods watershed by the flood of 1950, and in order to determine whether it is practicable and desirable from the viewpoints of the Governments of Canada and the United States of America to devise and carry into effect an improved plan of regulation and utilization of the waters of the Lake of the Woods watershed in the Provinces of Ontario and Manitoba and in the State of Minnesota, the Governments of Canada and the United States of America have agreed to refer the matter to the International Joint Commission for investigation and report, together with conclusions and recommendations, pursuant to Article IX of the Treaty between the United States of America and Great Britain in respect to Canada, signed at Washington on the 11th day of January, 1909, relating to Boundary Waters.

2. It is desired that the Commission, after reviewing the plans of regulation put into effect pursuant to the Convention between Canada and the United States of America, signed at Washington February 24, 1925, relating to regulation of the level of Lake of the Woods, and the Convention between the United States and Canada signed at Ottawa September 15, 1938, relating to emergency regulation of the level of Rainy Lake and of other boundary waters in the Rainy Lake watershed, shall determine whether, in its judgment, considering the Lake of the Woods and its entire watershed, and more particularly the various lakes in the watershed and their inlets and outlets, it would be feasible and desirable to devise and carry into effect a better general plan of regulation of these waters, their inflow and outflow channels, and utilization of the water resources, of the Lake of the Woods watershed as a whole having in mind existing and future requirements for (A) domestic water supply and sanitation, (B) navigation, (C) the control of floods throughout the basin for the protection of properties along the shores of the various lakes and their connecting waters, including agricultural lands and other properties adversely affected by high lake levels, (D) efficient development of water power, (E) reclamation of wet lands, (F) conservation of fish and wildlife, (G) recreation, and (H) other beneficial purposes.

3. In the event that the Commission should find that further works, projects or measures to effect better control and regulation and more extensive utilization of the waters of the Lake of the Woods watershed are desirable, it should indicate how the interests on either side of the international boundary would be benefited or adversely affected thereby, and should estimate the costs of such works, projects or measures including indemnification for damage to public or private property and the costs of remedial works, projects or measures that may be found to be justified, and should indicate how the costs of any such works, projects or measures and the

amounts of any resulting damage may equitably be apportioned among interests on either side of the boundary or between the two Governments.

4. The Commission should include in its report a review of all prior investigations and reports relating to the Lake of the Woods watershed or parts thereof made under authority of the Governments of the United States and Canada. It is desired further that the Commission's report pursuant to this Reference contain information on the history and present status of existing dams, water power plants, navigation works, and other properties, whether publicly or privately owned, located within the Lake of the Woods watershed insofar as such information may be germane to the subject under consideration.

5. In the conduct of its investigations and otherwise in the performance of its duties under this Reference, the Commission may utilize the services of engineers and other specially qualified personnel of the technical agencies of Canada and the United States and will so far as possible make use of information and technical data heretofore acquired by such technical agencies or which may become available during the course of the investigation, thus avoiding duplication of effort and unnecessary expense.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Appendice B

Appendix B

DRAFT LAKE OF THE WOODS REFERENCE

In view of the excessive run-off and the resultant high water levels experienced during 1950 in that portion of the Lake of the Woods watershed the regulation of which is provided for in the Convention between Canada and the United States of America signed at Washington on February 24, 1925, and the Convention between the United States and Canada signed at Ottawa, September 15, 1938, and the subsequent Order of the International Joint Commission of June 8, 1949, the Governments of the United States and Canada have agreed, in accordance with Article IX of the Boundary Waters Treaty of January 11, 1909, to request the International Joint Commission:

(1) to indicate whether the Lake of the Woods Convention of 1925 and the Order of the International Joint Commission of June 8, 1949, pertaining to Rainy and Namakan Lakes, adequately provide for a contingency such as arose in 1950;

(2) if the answer to (1) is negative, to review the plans for regulation put into effect pursuant to the above-mentioned Conventions, and to consider what, if any, other methods of regulation might provide better protection to foreshore interests, bearing in mind,

(a) the necessity of preserving the storage ranges provided in the Convention of 1925 and the Order of the International Joint Commission of June 8, 1949; and

(b) the desirability of protecting all interests against excessively low lake levels;

(3) to indicate whether any of the methods considered under (2) are, in the Commission's judgement, economically justifiable, bearing in mind,

(a) the alternative possibility of adjusting the flowage easement provided for in the Convention of 1925; and

(b) the extent of any damage which may have been suffered by the inhabitants of Canada and the United States as a result of high water levels during the period of regulation under the Convention of 1925 and the Order of the International Joint Commission of June 8, 1949;

(4) to indicate, should a new method or methods of regulation be considered to be economically justifiable,

(a) what further works, projects or methods for control and regulation of the waters under reference are required;

(b) how the interests on either side of the international boundary would be benefitted or adversely affected thereby;

(c) the estimated cost of such projects or measures including indemnification for damage to public or private property and the cost of necessary remedial works;

(d) how the cost of any such works and the amounts of any resulting damage may equitably be apportioned between the two Governments;

(5) to indicate, should a new method of regulation not be considered to be economically justifiable, whether an adjustment of the existing flowage easement provided by the Convention of 1925 is, in the judgement of the Commission, feasible and economically justifiable;

(6) if an adjustment of the flowage easement is considered to be feasible and economically justifiable, to indicate,

(a) the level to which the existing flowage easement might be adjusted;

(b) how the interests on either side of the international boundary would be benefitted or adversely affected thereby;

(c) the estimated cost of such an adjustment;

(d) how this cost may be equitably apportioned between the two Governments.

In the conduct of its investigations, and otherwise in the performance of its duties under this Reference, the International Joint Commission may utilize the services of engineers and other specially qualified personnel of technical agencies of Canada and the United States, and will so far as possible, make use of information and technical data which has been acquired by such technical agencies or which may become available during the course of the investigation, thus avoiding duplication of effort and unnecessary expense.

SECTION B

POLLUTION TRANSFRONTALIÈRE
CROSS-BORDER POLLUTION

855.

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. 160-51 [Ottawa], May 30, 1951

CONFIDENTIAL

POLLUTION OF BOUNDARY WATERS

On April 1, 1946, the Governments of Canada and the United States requested the International Joint Commission to investigate the question of the pollution of the waters of the St. Clair River, Lake St. Clair and the Detroit River and to recommend remedial measures.[131] The reference was subsequently extended to cover the St. Mary's River between Lake Superior and Lake Huron and also the Niagara River.[132]

2. In its report to the two Governments on October 11, 1950, the Commission stated that treatment of municipal and industrial wastes is urgently needed in the areas under reference and that the capital cost of the required treatment works will be approximately $30,000,000 in Canada and approximately $100,000,000 in the United States. The Commission has recommended that:

(a) the "Objectives for Boundary Waters Quality Control" set out in its report, be adopted by the two Governments as the criteria for maintaining boundary waters in satisfactory condition;

(b) those responsible for pollution be called upon to maintain the recommended quality objectives;

(c) continued supervision be provided through international boards of control working in conjunction with the appropriate authorities in each country.

3. On December 21, 1950, the Government of the United States informed the Government of Canada that it approves the recommendations of the International Joint Commission. In order to implement the Commission's recommendations, it suggested that the two Governments simultaneously authorize the Commission to establish and maintain continuing supervision over pollution of boundary waters through boards of control, appointed by the Commission. These boards would notify those responsible for contravention of the "Objectives" set out by the Commission and, in the event that assurance were not given, that the pollution would be

[131] Voir/See Volume 12, Documents 881-883.
[132] Voir/See Volume 12, Document 890.

corrected within a reasonable time, recommendations would be made to the appropriate authorities as to the further action deemed advisable.

4. The implementation, at the Federal level, of the International Joint Commission's recommendations will substantially devolve upon the Department of National Health and Welfare. In view of the deep interest shown in this reference by the Government of the Province of Ontario, and because of its participation in investigations that have been made, the Department of National Health and Welfare propose to seek the close co-operation of the Ontario authorities including their participation in the supervisory activities of the proposed boards of control. To the extent that the supervising authorities will require to rely on legislation for the enforcement of the recommendations of the International Joint Commission herein, it is proposed to utilize substantially the regulations under the Public Health Act of the Province of Ontario as existing Federal legislation is not considered appropriate to the situation. In the event that the existing Provincial legislation is found to be inadequate, the situation will need to be further considered.

5. Considerable progress has already been made, on a voluntary basis, both in Canada and the United States, towards alleviating the conditions which were found to exist by the Commission during its investigation.

6. The Secretary of State for External Affairs, with the concurrence of the Ministers of National Health and Welfare, Public Works and Transport therefore recommends:

(i) that the Government approve the recommendations of the International Joint Commission;

(ii) that the Government agree to the United States Government's suggestion that the two Governments simultaneously authorize the Commission to establish and maintain continuing supervision over pollution of boundary waters;

(iii) that the Government of the United States be informed accordingly.

L.B. PEARSON

DEA/8010-40

856.

Note du chef de la Direction juridique pour la Direction juridique

Memorandum from Head, Legal Division, to Legal Division

CONFIDENTIAL [Ottawa], June 8, 1951

For Mr. Summers, Mr. Nutt

RE POLLUTION OF BOUNDARY WATERS

Mr. Pelletier of the Privy Council Office informed me that Cabinet has postponed a decision on the memorandum put to it on the above subject. Apparently Cabinet unanimously agreed that the general recommendation to clear up pollution was a good thing, but some doubted whether it was desirable at this stage when the

Government is anxious to roll back capital expenditure that municipalities and private industries should be encouraged to embark on extensive capital investments to curb pollution. It seems that the government would like to have a further report outlining in some detail the actual cost involved and who should bear the cost of the programme. I gather that Cabinet was a little concerned that the municipalities or provincial government or possibly the larger industries might press the federal authorities for financial assistance at some later stage. Mr. Chevrier wanted the International Joint Commission to do this study for the whole Great Lakes system. He mentioned this some time ago to the Department and apparently reiterated this wish during the Cabinet discussion. I feel that the Department of National Health and Welfare should supply this additional information to the Cabinet but they will probably have to go to the Commission for the necessary information.

2. I have explained this orally on a confidential basis to General McNaughton.[133]

K. B[URBRIDGE]

857.

DEA/8010-40

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 19, 1951

POLLUTION OF BOUNDARY WATERS

The attached draft memorandum to the Cabinet was signed by Mr. Claxton on July 31, 1951, and referred to the Ministers of National Health and Welfare, Public Works and Transport for their concurrence. (A copy was sent to the Minister of Finance for his information.) The Ministers of Transport and Public Works have concurred. The Minister of National Health and Welfare has replied (letter attached)† without giving his concurrence, but agreeing as to the desirability of supporting the principles of the International Joint Commission's report and suggesting the matter be referred to Cabinet for discussion and guidance as to the policy to be adopted.

2. We are anxious to implement the report and are being pressed for our decision by the Government of the United States which approved the recommendations of the International Joint Commission as long ago as December 21, 1950. It would be desirable to go to Cabinet with a clear recommendation if at all possible. The concurrence of National Health and Welfare is essential as that Department will have

[133] Notes marginales :/Marginal notes:
I assume that when the Cabinet minute is forthcoming, we should write to Nat[ional] Health asking them to undertake to obtain the necessary information? We should also inform our Ambassador in Washington. J[im] N[utt]
Mr Burbridge I agree with Nutt's comment. I think that policy on a health matter must be cleared by the appropriate dep[artmen]t not by us. C.B.S[ummers]

primary responsibility for ensuring that the recommendations of the International Joint Commission are implemented if the Government accepts them.

3. May I suggest that you have a word with Mr. Martin in order to ascertain just how far he is prepared to go in supporting the recommendations we proposed or whether the difficulties are so great as to justify alteration in our view that the recommendations should be approved.

E. R[EID]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet de note du secrétaire d'État par intérim aux Affaires extérieures pour le Cabinet

Draft Memorandum from Acting Secretary of State for External Affairs to Cabinet

SECRET Ottawa, July 31, 1951

POLLUTION OF BOUNDARY WATERS

At its meeting of June 7, 1951, Cabinet noted the recommendations contained in the attached memorandum of May 30, marked Annex A, concerning the report of the International Joint Commission with respect to the pollution of certain boundary waters. A decision was deferred pending submission of a report on the relative importance of the various remedial measures recommended and on the detailed costs involved.

2. The required supplementary report comprises Annex B† of this memorandum.

3. On June 20, the United States Embassy in Ottawa enquired concerning the present position of this report of the International Joint Commission. The Embassy was informed that the matter is under active consideration.

4. By virtue of the Boundary Waters Treaty of 1909, Canada is under an obligation to prevent the pollution of boundary waters. In view of the fact, therefore, that the Canadian Government joined with the United States Government in submitting this reference to the International Joint Commission, and since the United States Government has already accepted the report, it would be most embarrassing if the Government were unable to accept the Commission's recommendations.

5. The failure to accept the report would be all the more embarrassing in the event that the United States authorities undertook to implement the Commission's recommendations unilaterally on the United States side of the boundary. Continued pollution on the Canadian side of the boundary could not be restricted to Canadian waters. This would give rise to serious differences between the two countries. While some private Canadian companies have already undertaken remedial measures as a result of this reference, these measures might well be discontinued if the recommendations of the Commission were not accepted by the Government.

6. Additionally, there is the important consideration of the health of Canadian citizens in the areas contiguous to the waters under reference. The attached supplementary report specifies, as did the report of the International Joint Commission, that both industrial and municipal wastes in the waters under reference constitute a constant hazard to public health.

7. The Acting Secretary of State for External Affairs, with the concurrence of the Ministers of National Health and Welfare, Public Works, and Transport, therefore recommends that the recommendations set out in the attached memorandum of May 30, be approved.

BROOKE CLAXTON

858.

DEA/8010-40

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

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

SECRET

[Ottawa], September 26, 1951

RE POLLUTION OF BOUNDARY WATERS

Our memorandum to the Minister of September 19th is returned herewith.

Mr. Martin is not prepared to commit himself on this subject until there has been some discussion in Cabinet.

In the circumstances Mr. Pearson wishes to proceed on the basis of the attached draft memorandum to Cabinet formally approved by Mr. Claxton as Acting Minister.[134]

A.D.P. H[EENEY]

[134] Notes marginale :/Marginal note:
I discussed this with Mr. Moran who agrees we shouldn't set the Minister open to possible embarrassment by having Martin deny he concurred. I therefore suggest a new wording for the last para[graph], which is redrafted for Pearson's signature. I don't think this need go back to the Minister. We can arrange to put it on Cabinet['s] agenda for its next meeting. It will also have to be updated. K.J.B[urbridge].

859. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 5, 1951

INTERNATIONAL JOINT COMMISSION; POLLUTION OF BOUNDARY WATERS

40. *The Secretary of State for External Affairs* recalled that, at the meeting of June 7th, 1951, consideration had been given to recommendations of the International Joint Commission respecting pollution of boundary waters from the St. Mary's River to the Niagara River but decision had been deferred pending submission of a report on the relative importance of the various remedial measures recommended and on the costs involved.

This report was now submitted for consideration. There was embarrassment in further postponing a decision in the matter since Canada had joined with the United States in 1946 in referring the question to the International Joint Commission; the U.S. government had approved the Commission's recommendations in 1950 and was pressing for information on the decision of the Canadian government. Under the Boundary Waters Treaty Canada was obliged to prevent pollution and, if the United States implemented the Commission's recommendations unilaterally, continued pollution on the Canadian side could not be restricted to Canadian waters and would give rise to serious differences with the United States, in fact some private companies had already undertaken remedial measures. Further, the pollution constituted a constant hazard to public health.

To implement the Commission's recommendations, the Department of National Health and Welfare would seek the co-operation of the Ontario authorities, including their participation in the supervisory activities of the international boards of control proposed. These would notify those responsible for contravention of the "Objectives" suggested in the Commission's report.

Originally, his proposals in the matter had been supported by the Ministers of National Health and Welfare, Public Works and Transport, and Cabinet had indicated that it was generally in favour. Recently Mr. Martin had again indicated his support of these proposals although he had asked that they be referred to Cabinet for further discussion and guidance. In the circumstances, he suggested that, if agreeable, Mr. Martin now be informed that Cabinet considered it desirable to approve these proposals.

An explanatory memorandum was circulated.

(Minister's memorandum, Oct. 4, 1951 — Cab. Doc. 264-51)[135]

41. *The Prime Minister* remarked that the federal government might be asked to contribute to remedial measures if it approved the Commission's recommendations but felt that such approval was unavoidable in view of the provisions of the Boundary Waters Treaty.

42. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs, and agreed that the Minister of National Health and Welfare be informed that, unless he considered it necessary to have the matter discussed further, approval be given to:

(1) the recommendations of the International Joint Commission regarding control of pollution of boundary waters between the St. Mary's River and the Niagara River;

(2) the U.S. suggestion that the two governments simultaneously authorize the Commission to establish and maintain supervision over pollution of boundary waters; and,

(3) the U.S. government being informed of these decisions.

. . .

860.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 13, 1951

. . .

INTERNATIONAL JOINT COMMISSION; POLLUTION OF BOUNDARY WATERS

1. *The Minister of National Health and Welfare* referred to discussion at the meeting of October 5th, 1951, at which he was unable to be present, about control of pollution in boundary waters between the St. Mary's River and the Niagara River. He agreed it was essential to approve the recommendations of the International Joint Commission in the matter and believed that industry would carry out its share of the required remedial measures. He thought, however, that it should be recognized from the outset that when, in due course, the Ontario health authorities pressed the municipalities in the areas of the Detroit and St. Clair rivers to under-

[135] Ce document est pratiquement identique au document 857. Le paragraphe 7 a été remanié de la manière suivante :/This document is virtually the same as Document 849. Paragraph 7 has been redrafted to read:

The Minister of Public Works and the Minister of Transport have concurred that the recommendations set out in the memorandum to Cabinet dated May 30, 1951, be approved. The Minister of National Health and Welfare has expressed the view that there can be no doubt as to the desirability of taking steps to improve the quality of the water of the rivers and lakes in question, and he believes we should support the principles of the International Joint Commission report on the pollution of boundary waters. He has requested, however, that the matter should be referred again to Cabinet for discussion and guidance as to the policy to be adopted.

take remedial measures, it would be found that these municipalities could not assume all the costs involved and would request assistance.

2. *The Prime Minister* remarked that a time might come when the federal government would feel it desirable to make some contribution, with the Ontario government, to such remedial measures.

3. *The Cabinet*, after further discussion, noted:

(a) the concurrence of the Minister of National Health and Welfare in the decisions taken at the meeting of October 5th, 1951, on control of pollution in boundary waters between the St. Mary's River and the Niagara River; and,

(b) that municipalities in the areas of the St. Clair and Detroit Rivers might in due course ask for financial assistance to enable them to carry out the remedial measures for which they would be responsible.

. . .

CHAPITRE VIII/CHAPTER VIII
EUROPE DE L'OUEST ET LE MOYEN-ORIENT
WESTERN EUROPE AND THE MIDDLE EAST

PREMIÈRE PARTIE/PART 1
EUROPE DE L'OUEST : GÉNÉRALITÉS
WESTERN EUROPE: GENERAL

SECTION A
ORGANISATION EUROPÉENNE DE COOPÉRATION ÉCONOMIQUE
ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION

861. DEA/4901-F-40

Extrait d'une lettre du représentant à l'Organisation européenne de coopération économique au sous-secrétaire d'État aux Affaires extérieures

Extract from Letter from Representative to Organization for European Economic Cooperation to Under-Secretary of State for External Affairs

LETTER NO. 125 Paris, March 14, 1951

CONFIDENTIAL

Reference: Our telegrams 31,† 32,† 34,† 60† (Torquay) of March 9, 10, 13, 12.

OEEC MINISTERIAL COUNCIL MEETINGS—MARCH 9 AND 10

1. We expressed the view in our telegram No. 34 of March 13 that nothing new or important came out of the last Ministerial Council meetings.

2. The Council accepted the invitation for the representation of O.E.E.C. on the Washington International Materials Conference and passed a number of Decisions and Recommendations (texts attached)†. It postponed consideration of the German crisis (pending further study), of the liberalization of trade (on the basis of a common list on which agreement has not yet been reached) and of the relationship between O.E.E.C. and the Council of Europe (pending further consideration by Member governments).

3. The deepening problems arising out of raw material shortages, inflation and controls continue to be the main concern of the Organization: they took up most of the time of the meeting. These problems have again been wrapped up in Decisions and Recommendations in which O.E.E.C. Members restate collectively the dangers, the principles and the objectives which have formed the basis of similar "action" since last fall. It is difficult to see what concrete results may emerge but it

is fair to say that the reputation of the Organization has not been enhanced as a result of the Ministerial meeting.

4. This may be an overly negative appraisal of the meeting. The problems it wrestled with are world-wide and beyond the control of the Organization. They extend to fields in which a multilateral approach has, for practical reasons, rather strict limitations, and in which results must depend, in the last analysis, on measures actually applied by individual countries. It may be that little is lost by restating the broad objectives and plans although the danger exists that Member countries may hide behind these broad restatements in a sense of "action" which remains so far unproductive.[1]

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LOUIS COUILLARD
for Head of Mission

862. DEA/4901-F-40

Le chef de la Direction économique
au représentant permanent suppléant à l'Organisation européenne de coopération économique

Head, Economic Division,
to Deputy Permanent Representative to Organization for European Economic Cooperation

Ottawa, April 2, 1951

Dear Lou [Couillard]:

I am seeing your familiar signature on an increasing number of despatches these days. Among the very best we have received is your letter No. 125 of March 14th in which you report on the O.E.E.C. Ministerial Council meetings of March 9th and 10th.

2. I get the strong impression that you are feeling pretty frustrated. Is this true? Does it extend throughout the Organization or is it just another case (which seems to be rather common in NATO-OEEC economic affairs) of everybody being out of step but Canada?

3. And this leads me to ask a further question. I gather that much of the steam behind an attempt to move NATO work of various sorts to Paris is the hope of rescuing OEEC from moribundity (if there is such a word). Personally I have always been rather sceptical about the need for a great deal of economic work in NATO. Therefore I find myself doubting whether there is much work for NATO to hand over to OEEC. Almost all the proposals that come my way seem to consist very largely of exasperating generalities — all form and no substance. In short do

[1] Note marginale :/Marginal note:
USSEA: I think you will be interested in this rather frustrated letter from Couillard. A.F.W.P[lumptre] April 2/50.

you think that NATO can really rescue OEEC or is it just a case of pouring the contents of one empty can into another empty can?

4. I am sending a copy of this letter to Ed Ritchie so that he can be irritated too.

Yours sincerely,

A.F.W. PLUMPTRE

863. DEA/4901-F-40

Le représentant permanent suppléant à l'Organisation européenne de coopération économique au chef de la Direction économique

Deputy Permanent Representative to Organization for European Economic Cooperation to Head, Economic Division

SECRET Paris, May 11, 1951

My dear Wynne [Plumptre]:

Thank you for your two letters.[2] I can assure you that I am always pleased to hear from you.

You do not speak of yourself but I can well imagine that, as usual, you are carrying more than you should, and doing it with a smile.

I enclose as you requested copies of my letter to Claude Isbister. This letter started out as a simple note to Claude on the eve of his return to Canada. Why it should have run on as it did, I don't know. In any case, I was not too shocked or depressed when I re-read it a month later!

...

In your earlier letter you spoke of NATO/OEEC relations and of the former rescuing the latter from "moribundity". I would say that, if OEEC were as close to death as all that, physical transfer to Paris or any worldly Organization, even of NATO, could not possibly revive and cure it. The fact is that, in my opinion, (a) OEEC is far from being near death (although some debates are deadly dull) and (b), now that the FEB only is setting up house in Paris, even less importance should be attached to the salutary influence which the FEB might have on OEEC. OEEC is not dying. My opinion is that the concept of European economic co-operation cannot afford to die, largely for political reasons: only time will tell if there are any real additional economic reasons why its survival is worthwhile. It is always possible that OEEC's functions might eventually be divided up amongst other organizations — NATO, Council of Europe, (and the Economic Commission for Europe) — such as the American State Department planners have recently envisaged. I think rather that, assuming, as I feel we must, that no redistribution of functions is feasible for sometime to come, OEEC must in the future limit itself to concrete, progressive efforts towards achievement of practical tasks. I think OEEC must abandon

[2] Une seule lettre a été retrouvée./Only one letter was found.

grandiose schemes such as are born and die in the minds of "European" politicians or indeed, on the drafting-board of American economic architects! What concrete progress on specific and more modest tasks, for example towards progressive integration on the model or using the machinery of the Schuman Plan, it is difficult to forecast: progress will be, of course, directly dependent on the general international situation; the driving force of American dollars is, fortunately, still present although in another form. It is not essential of course that such tasks be elaborated and agreed on within OEEC. But a three-year old forum in the field of European economic cooperation, endowed as it is with a top-notch Secretariat can, I think, do a useful job to initiate and push such projects along. Furthermore, operation of the EPU and application of the Code of Liberalisation by themselves require a fairly substantial European organization.

As for NATO, I rather share your views. It is, to say the least, difficult to forecast what economic work might be done in NATO unless indeed the present basis for such work is appreciably expanded. I think it is an improvement, however, that what work will be done from now on will be coordinated in the FEB. I know you don't like generalities, anyway here is one in favour of FEB: vague as its usefulness might be, it is nonetheless necessary. Just like, in the political sphere, U.N. is not sufficient to insure the security of the free-world and NATO has become essential, so in the economic field the FEB is required because the only existing economic organization, OEEC, is inadequate mostly because countries which matter are not too interested in it: the U.S. and ourselves are in a rather equivocal position: the United Kingdom is losing interest. The parallel attempted in this generality may not be a balanced one: the vital need for joint security is so much greater than that for "economic co-operation"; and this cooperation need not be carried out in any one organization — the I.M.C. is, we hope, a good example of a break-away. But even if, from the Canadian point of view, we would still prefer bilateral co-operation, it can hardly be satisfactory to our NATO partners or foster the North Atlantic solidarity we hope to achieve.

A practical link between NATO and OEEC is at present being evolved whereby a dozen or so OEEC Secretariat personnel will be loaned to the PARIS NATO Working Group (I don't know what its new name, if any, will be under FEB). As a more substantive link, I can see that informal meetings of the FEB might be held from time to time at which the non-NATO members of OEEC would be invited to participate, thus keeping them 'within the orbit' through the only available forum.

Perhaps, therefore, it is not a question as you say of pouring the contents of one empty can, NATO economic, into another empty can, OEEC. It may be more correct to say that we have two half-empty (or half-full) cans and, from our point of view, that it might be logical (assuming doubtful political feasibility) to throw the contents of one can into the other, i.e. OEEC into NATO. But with the concrete, urgent job which NATO has to do, such an exercise would be unthinkable. As for OEEC, as I said above, perhaps what is required, is to put its contents into a smaller can which might then be full.

You were good enough to think of my own mental attitude when you said that you got the strong impression that I am feeling pretty frustrated. I assure you I am

not. I have grown out of that stage. It seems that uncertainties and the lack of prompt-clear-cut decisions are inherent in (human) governmental nature, and with this state of affairs we must live.

I am enjoying my work. With Kilgour, I am trying hard to lend substance to the words "informal association with OEEC" and to make our association useful to you and to our Missions in OEEC countries. Furthermore, the NATO burden-sharing exercise, which has taken a good deal of my time, is an interesting one and, I know, important from our point of view. For good measure, there is always my old friend GATT which pops up now and then. All in all, it's a good life.

With very best wishes,

Yours faithfully,

LOUIS COUILLARD

[PIÈCE JOINTE/ENCLOSURE]

Le représentant permanent suppléant à l'Organisation européenne de coopération économique au directeur, Direction générale des Relations commerciales internationales du ministère du Commerce

Deputy Permanent Representative to Organization for European Economic Cooperation to Director, International Trade Relations Branch, Department of Trade and Commerce

[Paris], April 4, 1951

My dear Claude [Isbister],

Just a note to wish you and your family Bon Voyage and, as the natives here say, Bonne Rentrée!

We do not know exactly how and when the Torquay gang is being disbanded and returned to headquarters. I can well imagine, however, that as far as you are concerned it's the sooner the better.

Many thanks for your note† in which you enclosed a copy of your letter to Beaup [Beaupré] on intra-European tariff disparity problems. Everyone here read it with interest: it is an excellent exposé of many of the main factors involved. I am looking forward to receiving the documents and the Delegation reports with respect to the Special Session.

It is difficult to see what immediate and positive results can be achieved either at the present Session or from the continuing activities of the GATT intersessional Working Party which, I understand, will be meeting in Paris. To say the least, I cannot see any immediate or sudden solution to the disparity problem, particularly if the W.P. ends up by asking OEEC "by what method" disparities can be removed. The issue, at least of late, has been as dead as a doornail in OEEC which is more concerned with the immediate problems resulting from raw material shortages and

with the current efforts to pull Germany out of her current payments difficulties. I think however, that the issue is more like a keg of powder a minute before it blows up.

One personal impression which I have formed watching OEEC struggling with all these problems is that there is a growing tendency on the part of its members to link all these problems together. The pattern generally is for a country which does not like this or that solution or proposal to insist on, as a *sine qua non*, the solution of a directly related problem. Sometimes the relationship is quite remote. The result is, of course, that the Organization must wrestle with a tangle of problems, the solution to any one being sorrily delayed or made almost inextricable.

You will have seen the brief letter† which we sent Hector [McKinnon] on the attempts of OEEC countries which are members of GATT to agree on a common Note which would be annexed to each of their replies to the GATT Questionnaire on import restrictions and discrimination. We have asked Hector for any comments which the Delegation might have. I have no doubt that your contribution to these comments will be most useful to us.

From our vantage point in OEEC I must say that we are increasingly being forced to realize and perhaps accept the fact that the road to the once sacred objective of non-discriminatory multilateral trade is being detoured more and more in view of the continuing disequilibria and the growing maze of artificial controls. Certainly the old theorical concept of "Economic Equilibrium" is more and more remote from present-day realities. Tradewise, in spite of the sound principles enshrined in international documents, the rule of non-discrimination only remains as a hazy, long-term objective. Discrimination in order to help not only yourself but also the weak sister is in fact closer to the rule followed in EPU, for example. Another form of the same line of action is evidenced by the United Kingdom when they suggest to sterling area countries that in view of the strong position of sterling in EPU, these countries should try to decrease their exports to and increase their imports from other EPU members. It's no longer, therefore, a question, as our strict interpretation of GATT would require of applying QRs and, when necessary, discriminating in order to help yourself, but rather to use every administrative and other means available to help out other countries as well or to prevent your own country from getting into an awkward position (as the United Kingdom's might become in EPU) as the result of third countries running into difficulties.

It is this type of enforced realization, coupled with the fact that an informal meeting of OEEC-GATT members is not the appropriate forum, that has led us to suggest that we refrain from making any preaching remarks or comments at the meeting of the 9th. I may be attaching too much importance to this whole business. On the other hand, I can't help but think that even though the strict and pure principles of GATT are becoming more and more withered, we can do little more than prevent, as far as possible, that the provisions of GATT are not permanently watered down through interpretation which would bless the present practices.

Sitting alone here I'm wondering whether I am being a defeatist or a realist. In any case, enough of that. I hope you will be able to empty your mind of these and similar problems and enjoy your trip back home.

Yours sincerely,

LOUIS COUILLARD

SECTION B

COMITÉ DE COORDINATION DES CONTRÔLES À L'EXPORTATION
COORDINATING COMMITTEE ON EXPORT CONTROLS

864.

DEA/11045-40

Le ministre de l'ambassade en France
au chef de la Direction économique

Minister, Embassy in France,
to Head, Economic Division

Paris, May 15, 1951

Dear Wynne [Plumptre],

Since we have both been on the signing end of a considerable amount of correspondence recently concerning the activities of the Paris ad hoc Committee on Export Control I think it might be useful to give you a very brief picture of where the work of this Committee now stands.

After a little more than a year and a half of operation I believe this group has shaken itself down and seems to realize where its efforts can be directed with the best success. The Consultative Group itself has not met for some time and I am doubtful if they will have to meet very frequently in the future. The Co-ordinating Committee while not a very high-powered group has been doggedly following up the routine side and in fact in the last few weeks they have been quite active. Over this past week for example there were nearly three full days of meetings. The Commercial Secretary's office has carried a good share of the work in this latter Committee and Mr. Stone in particular has been of great assistance.

There has been a step forward in the Committee in its consideration of bilateral trade agreements. Countries are showing a greater inclination to discuss such agreements before their conclusion, and in particular the actual commodities which communist-dominated countries request. For example not so long ago members of the Committee were asked to express their views concerning a request to France from Poland for a certain amount of ferro-molybdenum and ferro-nickel. In return the Poles offered the very luring bait of about one million tons of coal. During the early days of the Committee countries were very reluctant to have any such scrutiny of their own proposed trade arrangements.

This increase in the consultative function of the Committee does require delegations to take a definite position during discussions. Our own role is a rather equivocal one in many ways. Perhaps our most important function is the maintenance of a watching brief. However the Committee does consider us a full-fledged members and it sometimes is rather embarrassing for our delegates if we are not in a position to state the Canadian view. Unfortunately during the recent discussions on the proposed Franco-Poland agreement we were not in receipt of any instructions from Ottawa and consequently were not able to make a statement. We had sent along a telegram a couple of weeks previously when this question was first raised but no reply had been received by the time of the meeting. I can readily appreciate why the authorities in Ottawa find it difficult to work up much enthusiasm over the Export Control work that is being carried on here in Paris. On the other hand it would help our delegation and perhaps the work of the Committee itself if we were in a position to express at the right moment the official Canadian view.

For our part I fear we have rather burdened you with documents and despatches. The former I should think are probably essential for the records. In the latter we have tried to keep to those aspects of the discussions which are of interest to Canada. I should certainly welcome any suggestions you may care to make about how we might tidy up or improve our reporting in this field.

You might give this some thought and see whether you can think of any way in which a fuller and speedier expression of Canadian official views could be sent us on occasion. It is the old question of taking membership on a body whose activities are of only minor direct interest to Canada. Nevertheless there are times when we are in the limelight, or even on the spot, and we certainly ought to avoid the indignity of a place behind the eight-ball.

Yours sincerely,
R.M. MACDONNELL

865. DEA/11045-40

Le chef de la Direction économique
au ministre, ambassade en France

Head, Economic Division,
to Minister, Embassy in France

SECRET Ottawa, May 25, 1951

Dear Ronnie [Macdonnell]:

I was very pleased to receive your letter of May 15 and to know that you are taking a personal interest in the work of the Committee on Export Controls. Your letter serves to confirm our impression that the member countries have now acquired more confidence in the Committee and are consulting it more frequently.

The staff of the Embassy has been doing fine work in keeping us informed of all the developments of particular concern to Canada. We have no suggestions to offer for improving the present method of reporting.

We usually consult the Department of Trade and Commerce and the Joint Intelligence Bureau of the Department of National Defence in addition to European Division when you ask for guidance on a particular matter. You are probably right in saying that it is difficult for us here to work up enthusiasm over the Export Control work carried on in Paris, but if there be lack of enthusiasm, it is certainly offset by considerable interest and the ready and full co-operation of those concerned in trying to give the Embassy a quick and clear expression of our views.

Methods to hinder Russia and her Satellites in their efforts to obtain strategic goods and scarce raw materials are playing an increasingly important role in world affairs. The work of the Paris group is an integral part in the planning of the Western democracies to thwart these efforts. Canada's export trade restrictions are as severe as those of any country with respect to the movement of strategic goods and scarce raw materials to Communist-dominated areas. We are in full sympathy with the work done in Paris and are very interested in seeing that it is successful.

You mention in your letter that you have not received any guidance from us, although it had been requested, on a proposed Franco-Polish Trade agreement. This has disturbed us somewhat because we try to give you the best possible service. Our files have been checked going back to September, 1950, and we can find no trace of any telegram or correspondence from Paris on the subject. Could you let us have further particulars so that we may satisfy ourselves as to what happened.

Yours sincerely,

A.F.W. PLUMPTRE

SECTION C

INTÉGRATION DE L'EUROPE : LES PLANS SCHUMAN ET PFLIMLIN
EUROPEAN INTEGRATION: SCHUMAN AND PFLIMLIN PLANS

866. DEA/50093-B-40

Note de la Direction européenne

Memorandum by European Division

ISCETP DOCUMENT NO. 51-36 [Ottawa], May 17, 1951

SCHUMAN PLAN — POLITICAL IMPLICATIONS

Throughout the negotiations leading to the signature of the Schuman Plan Treaty the French Government made no attempt to disguise the fact that its motives were no less political than economic. Initially, there is little doubt that some of the political considerations which played a part in prompting the French to bring forward their proposal were dictated by narrow self-interest. In the face of failing prestige, France had been searching for a means of seizing the initiative in Europe in some dramatic way which would restore her to a position of leadership; it was also acutely conscious of the need to forestall a resurgence of German militarism by binding West Germany to an international organization capable of preventing the

Bonn Government from abusing its ever-increasing political and economic powers. To this end, France was prepared to accept some sacrifice and risk.

2. Despite the existence of certain selfish motives, such as the foregoing, the Schuman Plan is dedicated essentially to the attainment of two lofty political objectives — a new understanding in Franco-German relations and the closer political integration of Western Europe through the creation of supranational institutions. These objectives, as well as the economic objectives of the Plan are set forth in the declared aims of the Treaty. These might be summarized as follows:

(1) To end the traditional antagonism between France and Germany and render war between them impossible by placing their basic industries under international control. Since the Plan involves a partial surrender of sovereignty to supranational authority on the part of not only France and Germany but also Italy, Belgium, Luxembourg and The Netherlands as well, it constitutes a practical step towards the political and economic integration of Europe which France considers indispensable for the preservation of peace.

(2) To integrate and rationalize the production and marketing of the coal and steel resources of Western Europe in order to permit the most effective use to be made of Western European resources as a whole and to contribute to a higher standard of living.

3. Insofar as Canada is concerned, it is the broad political aims set forth in (1) above rather than the economic ramifications of the Plan which have won the general support of the Canadian Government. Indeed, judged on its economic merits alone the Schuman Plan might well fall within the category of restrictive economic proposals concerning which Canadian spokesmen have from time to time voiced reservations. Speaking before the House of Commons on February 22, 1950, Mr. Pearson had said, quoting from his statement at the Colombo Conference:

> "We welcome the prospect of closer economic cooperation among the countries of Western Europe. Such a development might be expected to contribute to the military strength of the democratic countries concerned and also, by eliminating uneconomic production and encouraging competitive efficiency, to hasten the day when they would no longer require extraordinary financial assistance from abroad. It would also restore to countries occupied and ravaged during the war that sense of hope which they need now more than they need United States dollars. Western Europe could once again look forward to playing in the world the great role for which its history and the resourceful intelligence of its people qualify it."

This statement, though made before the coal and steel merger had been proposed, points up strategic and psychological virtues which are certainly present in the Schuman Plan. In the same statement, however, Mr. Pearson qualified his support of certain types of European economic proposals with the following words:

> "Some of the proposals made recently seem to my Government to be as likely to encourage the development of new high cost industries ... as to lead to the objectives of greater efficiency and lower costs and prices at which they purport to be aimed. What must be avoided is the creation of a closed, high cost, inflationary

bloc ... which would make progress toward a wider multilateral system of trade and payments more difficult."

This reservation applies at least in part to the coal and steel complex which will emerge from the Schuman proposals.

4. Notwithstanding reservations of this nature which Canada might have had on economic grounds, the Canadian Government did not hesitate to welcome the Schuman proposals when they were first made known, basing its support on the contribution which the Plan was likely to make to European unity and Franco-German understanding. Speaking in the House of Commons on June 5, 1950, Mr. Pearson said of the Schuman Plan:

"The recent French proposal for consolidating Western European coal and steel production under a single control is indicative of the imaginative approach to their problems that Western European nations are making. That is a very important development, as I see it, the importance of which may be as political as (it is) economic. It may mean a long step forward in ending the ancient feud between Gaul and Teuton which has caused so many dark things to be written on the pages of European history. I believe that this is an example of the new approach by Europeans to their problems, and we can only hope it will be successful, both politically and economically."

5. The decision of the United Kingdom Government to remain aloof from the Schuman Plan did not alter the Canadian Government's conviction that closer economic cooperation amongst the countries of Western Europe was indispensable to the security and internal stability of Western Europe. Earlier, the Canadian view on the general question of the relationship of the United Kingdom to developments leading towards European economic unity had been clearly stated by the Canadian Delegate to the Colombo Conference in the following terms:

"It is often said in Canada that in the short run at least such a (closed, European) bloc might do some damage to Canadian trade. I would hope that it would not be serious. Nevertheless, it might be better for us in Canada to suffer some temporary disadvantages rather than to see the prospect of closer economic cooperation which we believe to be necessary in Western Europe made impossible because the United Kingdom is unable to participate."

Relating this general Canadian view of the United Kingdom attitude to the Schuman Plan, Mr. Pearson made the following statement in the House of Commons on September 4, 1950, in reply to a question:

"The Schuman Plan, that wise and imaginative act of French statesmanship was not one which concerned this Government directly ... as it happens, we did informally tell them (the United Kingdom Government) that we thought this was an important and far-reaching Plan, the importance of which was possibly greater politically than economically, and that whatever the economic difficulties may be in carrying it out ... it would be unwise for any government not to fall in at once with the principle behind this Plan to further the integration, politically and economically, of the Western European countries. It would be unwise especially not to do everything to encourage the French in any proposal which may heal the age-long conflict between the French and the Teutons."

Speaking in the House of Commons on February 2, 1951, Mr. Pearson again emphasized Canada's military and political interest in European unity in terms which are applicable to the Schuman Plan as an important phase in the developments leading to such unity:

> "So far as Western Europe is concerned — and this, I repeat, is the most vital area in the front line of our defence — the effort required is partly military and partly, in the broader sense of the term, political. The free nations of Europe are profoundly aware that their future security and prosperity depend in large measure on the unity which they can achieve among themselves ... if there were no other reasons for pressing ahead with these policies of European unification, the problem of Germany itself would make imperative the need for some form of European unity. If democratic Germany is to play her constructive part in a free Europe, it is essential that she should do so within the framework of a freely cooperative Europe coming closer together economically, politically and militarily."

867. DEA/50093-B-40

Note de la Direction européenne

Memorandum by European Division

ISCETP DOCUMENT NO. 51-37 [Ottawa], May 16, 1951

PFLIMLIN PLAN — POLITICAL IMPLICATIONS

The Pflimlin Plan differs in its political aims from previous French plans for the integration of Europe, such as the Schuman Plan and the Pleven Plan for a European Army, in that one of the fundamental objectives of the latter — a Franco-German rapprochement — is virtually absent in the agricultural scheme. On the other hand it shares with the Schuman and Pleven Plans the other major political objective which has guided French policy since the war — that of working towards the complete political and economic integration of Europe. The scope of the Pflimlin Plan is, however, potentially much broader than either of the other two schemes since it aims at the inclusion of some fifteen members of the Council of Europe as well as three non-member states, as opposed to the six and five countries respectively covered by the Schuman Plan and European Army. As a further experiment in supranational institutions the Pflimlin Plan is thus much more ambitious than anything hitherto attempted.

2. The Plan also has special significance because it is being launched under the auspices of the Council of Europe, a body whose success so far has been hampered by the fact that it has had no real task to perform. If the Council of Europe should be successful in this, its first concrete undertaking, its future might be profoundly influenced, and European federalism might receive a new fillip.

3. The fact that the Plan is being launched under the aegis of the Council of Europe introduces new problems in determining the Canadian (and United States) attitude towards that body. Hitherto it has been possible to resist invitations to become more closely associated with that body on the purely political ground that

the association of non-European states with the Council would destroy its purely European character and tend to arrest the forward movement towards unity which the Canadian Government has repeatedly endorsed as a desirable objective in Europe. Reasoning along these lines, Canada has been able to say until now with some justification that the interests of the Council of Europe and of the Canadian Government have both been adequately served by simply having an unofficial observer from one of the Canadian missions in Europe present at all sessions of the Consultative Assembly. A preliminary examination of the French memorandum on the Pflimlin Plan for the creation of the agricultural pool shows that there is some possibility that it might have an unfavourable impact on the Canadian economy by tending to create a closed trading area from which North American products would be excluded. It is therefore possible that if closer examination proves this to be the case the detached interest which Canada has shown towards the Council of Europe and its agencies might have to give way to some more active participation in the Council's activities, if only for the protection of Canadian economic interests.

4. If on closer examination it should be confirmed that one of the effects of implementation of the Pflimlin Plan would be to enable Europe to reduce its agricultural imports from North America, it would not necessarily follow that Canada should automatically try to prevent the Plan from going into effect though it might justify the appointment of Canadian observers to keep a close eye on developments. It is conceivable that political and strategic benefits might flow from the creation of the agricultural pool which would outweigh the economic disadvantage to Canada. For example, the agricultural self-sufficiency of Western Europe, to which the proposed Plan might contribute by stepping up production, could be an important factor in the event of war when shipping facilities would not be available for the transport of foodstuffs from North America. Again, from a psychological point of view, the successful implementation of the Plan could, by demonstrating Europe's ability to manage its own affairs in yet another sphere independent of outside aid, have an important effect on the morale of Western Europe and enhance its will to resist. It may be relevant in this connection to recall that the effect of Marshall Aid has been to enable European countries progressively to dispense with North American imports. For the sake of the overriding political benefits achieved this economic disadvantage was accepted in the Marshall Plan, and similar sacrifices might be warranted in connection with the Pflimlin Plan.

5. To sum up, the Pflimlin Plan, as a further step in the integration of Europe could constitute a potential source of political, strategic and economic advantage to Europe and consequently could contribute to the well-being of the whole North Atlantic area, but in its purely economic implications might operate to the ultimate disadvantage of the North American export trade in agricultural products. We may therefore be confronted with a choice between broad political objectives on the one hand and domestic economic interests on the other.

6. It is therefore of importance to obtain some reasonably accurate estimate of the extent of the impact which the Plan could produce on the Canadian economy. Evidently that impact will not be so great if it should transpire that the majority of the countries to whom the French memorandum has been sent show little or no interest in being associated with the Plan. Steps are therefore being taken to obtain, through

our missions in Europe, the preliminary reactions of the governments who have been invited to consider the Plan. From the replies received it should be possible to determine whether areas in which Canada has traditionally had a substantial market for agricultural produce are likely to be involved in the Pflimlin Plan. It is understood that Trade and Commerce is preparing, on the basis of the limited information available, a technical appreciation of the merits of the Plan in the light of its possible effect in intra-European trade and on the Canadian economy.

868. DEA/50093-B-40

Note de la Direction générale des Relations commerciales internationales du ministère du Commerce

Memorandum by International Trade Relations Division, Department of Trade and Commerce

ISCETP DOCUMENT NO. 51-38 [Ottawa], May, 1951

THE SCHUMAN AND PFLIMLIN PLANS
AS THEY AFFECT CANADIAN COMMERCIAL INTERESTS

Introduction

The pressing difficulties that beset postwar Europe, in particular those arising from the disruption of Western Europe's links with Asia and Eastern Europe and the fundamental changes reflected in the dollar shortage, have prompted many different remedial measures and proposals.

Under the name of Trade Liberalization, steps have already been taken to reduce the effects on intra-European trade of some of the quantitative restrictions which have been applied since the war, and to facilitate intra-European payments. Another approach to the problem of integration is that represented by the various schemes, such as the Schuman and Pflimlin Plans, for the pooling of key sectors of Western Europe's economy.

The Schuman Plan has now been signed and awaits ratification, while the Pflimlin Plan is as yet little more than a proposal. Both of them, however, are still a long way from practical realization. Not the least of the obstacles before them is the deep-rooted conflict of interests among Western European countries themselves and their traditional concern for national protectionism. European industries are protectionist-minded and their fear of being exposed to the competition of North American products is sometimes outstripped by their fear of competition from their continental neighbors.

Integration of key sectors of Europe's economy would, if it became a reality, doubtless require modification of the general principles of multilateral trade and would involve, rather, the creation of a protected trading area for specific products.

In appraising Canada's attitude towards such a development the following considerations should be borne in mind:

1. The plans for European integration have as their avowed purpose the restoration of a healthy European economy. Canada's attitude must therefore be based

not only on the immediate implications of the plans themselves, but also on an appraisal of their longer-term effects on Western Europe. We are obviously concerned with a dual problem: the kind of trade relationships which we must attempt to establish with European economies and also the viability of these economies in the future.

2. Although Western Europe has declined in importance relatively to other markets for Canadian products, Canada's importance to Europe as a source of supply has been enhanced since the war. The main obstacle limiting imports from Canada has been the dollar shortage.

Manufactured goods are the ones that have suffered most from the limitations on imports imposed by other countries. Canada has been in the relatively fortunate position of being largely an exporter of essential primary commodities which have in many cases been given priority in the import programmes of other countries.

Considering Canada's overall exports to Western Europe, the probabilities are that reductions in certain products would ultimately be compensated by increases in those primary commodities difficult to obtain elsewhere.

3. The concentration of Canadian foreign trade on the United States and the decline in importance of the U.K. and Commonwealth markets in recent years have made it even more desirable for Canada to develop alternative markets and sources of supply.

Canadian Exports to Europe

Prewar

Before the war, Canada's exports to Europe (including U.K. and Eastern Europe), amounted to over 40% of total Canadian exports. The bulk of these exports went to the U.K. and Continental Europe's share amounted, on the average, to about 6% of total Canadian exports.

Canadian exports to Europe consisted largely of primary commodities such as wheat, aluminium, copper, lead, zinc, and asbestos plus bacon and hams, and dairy products, particularly cheese. In addition, wood and paper were important commodities to the U.K. and Germany.

Postwar

Since the war, Canada's pattern of external trade has undergone a major change, shifting from the U.K. market to the U.S. market. Today, about 65% of total Canadian exports go to the U.S. as compared with some 30% in 1938. Correspondingly, Canadian exports to Europe (including U.K.) have declined from over 40% to about 22% of the total. This decline is due almost entirely to the reduction in Canadian exports to the United Kingdom, and has not greatly affected the proportion of Canadian exports going to Continental Europe, which remains at about 6% of the total.

The composition of Canada's exports to Europe remains fundamentally unchanged. Canada remains the supplier of basic agricultural and other commodities to the industrial centres of Europe. About 50% in value of Canada's exports to

OEEC countries other than the United Kingdom in 1949 consisted of: wheat (20% of total), other grains, bacon and hams, newsprint and woodpulp, lumber, aluminium, copper, lead, nickel, zinc, and asbestos. These same commodities made up 85% of Canada's exports to the United Kingdom.

The Schuman Plan

1. The Schuman Plan proposes to create a single market for coal, iron and steel products, consisting, so far, of France, West Germany, Italy and Benelux. This would be a free trade area for these products with no quantitative restrictions on their movements within the area. It presupposes the establishment of at least a "harmonized" tariff throughout the six countries on coal and steel imported from other countries. The Plan also calls for the establishment of a "High Authority". This would be a supranational body with precisely defined terms of reference. It is contemplated that it would administer funds to provide alternative employment to firms put out of business from the increased competition. It would also be responsible for modernization and rationalization of the European coal and steel industry.

The products covered by the Schuman Plan include: coal, coke, ores and iron and steel products, including finished sheets and strips. Iron and steel products at further stages of manufacture are *not* at present included under the Schuman Plan.

2. Under Chapter III of the Draft Treaty for the Schuman Plan, the member states undertake to take joint action towards the Contracting Parties of the GATT in order to exempt the provisions of the Plan from the application of the MFN clause as set forth in Article 1 of GATT. Similar exemptions from the m.f.n. principle would be requested by Schuman Plan countries from other countries with whom they have trade agreements.

3. Canada's commercial interests would *not* be directly affected to any appreciable extent by the creation of a preferential trading area in coal, iron and steel products in Europe.

Canada is a net exporter of iron ore and alloys but a net importer of primary and semifabricated irons and steels. The bulk of Canada's ore and alloy exports go to the United States, and the bulk of Canada's imports of primary and semifabricated iron and steels come from the United States, with some imports from the United Kingdom, Sweden and Belgium.

Thus, in 1949, of Canada's total primary iron and steel exports of about $56 million, iron ore and alloys accounted for $31.8 million. Of this amount, about $13.8 million went to Europe.

Canadian imports of a very wide range of primary and semifabricated iron and steel products in 1949 totalled nearly $111 million, (while Canadian exports of a much smaller range of these products totalled only some $23 million).

4. Canada's interests in the products affected by the Schuman Plan are those of a net importing, not an exporting country. In so far as this Plan would lead to more efficient, lower-cost production in Europe, Canada would stand to gain by developing possible alternative sources of supply for her iron and steel imports and thus lessen dependence on the United States. Canada would also gain in the long-run if, by this method, Europe could be enabled to earn or save more dollars.

5. *United Kingdom Trade in Coal and Steel with the Schuman Plan Countries*

	Imports		Exports	
		000 tons		
	Six countries	Total	Six countries	Total
Coal	—	5	4,408	13,552
Iron ore	415	8,402	—	—
Steel	555	757	130	3,090

Source: Trade and Navigation Accounts of the United Kingdom, Dec. 1950.

Apart from coal exports, United Kingdom trade with the Schuman Plan countries in coal and steel is of only minor importance. Under the present circumstances of a grave shortage of European coal, it is not likely that United Kingdom coal exports would be affected by the formation of the European iron and steel community. If, however, demand for coal was to decline seriously, it is quite possible that discrimination would take place among the members of the community in favour of continental European coal. Under these circumstances the United Kingdom might suffer a more than proportional loss in exports. On the other hand the rationalization of the European coal industry under the influence of the High Authority could cause an increase in coal production. This might effect a reduction of United Kingdom coal exports to the six countries even in times of full employment.

There is a real possibility that, after the formation of the steel and coal complex, the United Kingdom will have to pay higher prices for French North African iron ores than those prevailing for members of the complex. The United Kingdom imported 2.2 million tons of French North African iron ore in 1950. If the members of the complex do get a discriminatory iron ore price, their steel would become more competitive with that of the United Kingdom.

The Pflimlin Plan

1. The proposed Pflimlin Plan seeks to encourage the maximum production of selected agricultural commodities in Western Europe, both as a dollar-saving measure and to combat inflation. It is an attempt to rationalize and modernize agriculture by establishing conditions of stability and security in agricultural production and marketing. To achieve this, the Plan proposes that through organs and procedures similar to those of the Schuman Plan, the member countries pool their productive resources, create a common market, and establish a coordinated subsidy and price-maintenance programme.

The Pflimlin Plan would at the outset apply only to the following commodities: *wheat, dairy products, sugar* and *wine*. But a progressive widening of its sphere of action is envisaged by its sponsors.

All OEEC countries have been invited to enter into this scheme.

Although no specific reference to tariffs was made in the original French memorandum proposing this Plan, the creation of a common market with coordinated agricultural marketing operation, clearly implies the establishment of a preferential area for the products affected.

2. Though the Pflimlin Plan itself is as yet only at the blueprint state, the urgency of the tasks it seeks to accomplish is stressed by a recent memorandum by the Secretary-General of OEEC ("Immediate Tasks of Economic Cooperation between Members of OEEC, the U.S. and Canada", C(51)71, Paris 2 March 1951).†

Reviewing the problem of inflation, caused largely by defence stockpiling and by Europe's coal and threatened steel shortage, this memorandum urges increased coal production in Europe as the first step toward increased economic activity. In order to support such increased activity, to fight inflation and to save shipping space, the Secretary-General of OEEC recommends *that there "be ... initiated in Europe immediately a food programme designed to increase food production* particularly of those basic foodstuffs that have to be imported."

3. Canada's agricultural exports to Europe make up a substantial proportion of her trade with that area, with wheat as the most important single item and the United Kingdom as the main market in this trade.

Wheat, meats and *dairy products* are the three important items that could be affected by agricultural integration in Europe, if the U.K. were to be included in such a plan. However, assuming the plan were limited to Continental OEEC countries, as would seem more likely, *wheat* is left as the one important item in which Canada is particularly interested.

4. *Wheat*

The U.K. remains the largest single market for Canadian wheat exports. However, considerably expanded wheat production in U.K. has caused an overall decline in U.K. import requirements, 75% of which are now furnished by Canada.

At the same time, Continental Europe has greatly increased import requirements, most of which in recent years have been filled from the United States through Marshall aid. The Continental European market is now about two-thirds larger than that of the U.K.

Thus, although traditionally and in recent years Canadian exports of wheat to Continental Europe have been small as compared with exports to the U.K., the potential importance to Canada of a greatly expanded European market must not be minimized.

According to FAO estimates, Western European import requirements for grains in 1952-53 would be well above the pre-war levels, even assuming all the national targets attained and shipments from Eastern Europe resumed.

The question arises, however, whether under concerted and combined European action, and through common marketing arrangements, Western Europe might not be able to exceed present targets and progressively lessen its dependence on overseas supplies of wheat. Such a possibility would be viewed with the greatest concern by Canadian wheat exporters.

5. Canada's long-term interest as a wheat exporting country is clearly to keep open as many of the world's markets as possible. Canada's official attitude toward a proposed Intra-European Grain Agreement in 1950 was to reaffirm Canada's adherence to multilateral trade principles and to the International Wheat Agreement. The Canadian view at that time was that "outside agreements, such as the

E.C.A. proposal, are inherently dangerous to the fulfillment of quotas under the International Wheat Agreement." (M.W. Mackenzie).

The present I.W.A. is due to come to an end in July 1953.

Under the I.W.A., guaranteed quotas for importers at ceiling prices and guaranteed quotas for exporters at floor prices are agreed upon. This provides a degree of stability in international wheat marketing. Artificially stimulated wheat production in a protected trading area, as may develop under the Pflimlin Plan, would appear to run counter to the whole conception of international trade underlying the I.W.A.

Should Canada find it inadvisable for political or wider economic reasons to oppose the development of the Pflimlin Plan outright, it would seem desirable to ensure that proper safeguards are established *to prevent the ideal of rationalization from being used to foster uneconomic production.*

6. *Dairy Products*

Canada's largest market by far for dairy products is the United Kingdom (cheese exports amounted to $15 million in 1949 and 1950). Apart from this, Belgium has become the largest market for Canadian exports of evaporated milk (taking 40% of these exports in 1950).

The Pflimlin Plan could well operate to eliminate the Belgian market for Canadian milk and could seriously affect Canadian exports of dairy products to the U.K. by increasing Western Europe's share of that market.

7. However, in contrast to wheat, the Canadian dairy industry is *not* basically an export industry. Long-term trends of population increase and of lower milk production in Canada are combining to make the Canadian dairy industry "statistically and theoretically just self-sufficient". (W.C. Cameron, Assistant-Director, Marketing Service, Department of Agriculture.) As an example, total exports of evaporated milk amounted to about 10% of production in 1950, and while 60 million lbs. of cheese were shipped to the U.K. in 1950, about 5 million lbs. of butter (equivalent to 10 million lbs. of cheese) were imported by Canada.

8. Although Western European agricultural expansion would not be as serious a blow to the Canadian dairy industry as it could be to the wheat producers, the importance and desirability of keeping traditional markets open also applies in this case.

9. *Other Products*

Wine and *sugar*, the two other products initially suggested for the Pflimlin Plan, are not Canadian export items. However, this Plan envisages the progressive extension of its scope of action to other products.

With the inclusion of countries such as Norway and France, Portugal and Italy in the Plan, there is a possibility that the fisheries industry might be among the additional sectors to be integrated at some later date.

Norway and France are already direct competitors with Canada in the salt cod trade with Mediterranean and other countries. Any concerted moves toward expanding European fisheries production and protecting the European markets could certainly have serious repercussions on Canada's hard-pressed East Coast fisheries, including Newfoundland.

10. *Possible Gains*

The only Canadian export commodities that might stand to gain directly from large-scale expansion and modernization of European agriculture are: agricultural machinery, fertilizers, seeds and feedstuffs.

It is unlikely, however, that any gains in these fields could compensate for possible losses in the much more vitally export-oriented wheat industry or in the fisheries, if they were to be included in the Plan.

Conclusion

1. The Schuman and Pflimlin Plans represent the "sector approach" to the problem of European integration. They are still far from practical realization.

2. They could, if they were brought into effect, operate to strengthen Western Europe's economic viability.

3. Canada's long-term interest in a healthy European economy is enhanced by the desirability of developing alternative markets for Canadian goods.

4. There is a danger, however, that integration might act as a screen behind which uneconomic production could be fostered and preserved.

5. *The Schuman Plan* would not appreciably affect Canada's commercial interests, as Canada is a net importer of iron and steel products mostly from the United States, and as Canada's net exports of ores and alloys will continue to find markets in the United States. The Schuman Plan Treaty would provide for an exemption from the m.f.n. clause of GATT.

6. *The Pflimlin Plan* could seriously affect future Canadian wheat exports at a time when the United Kingdom market for wheat has contracted while that of Continental Europe has expanded greatly. It could also cut into Canadian exports of dairy products, but these are of secondary importance to the dairy industry. It could conceivably be extended to the fisheries industry, with serious consequences for our fish exports.

This Plan, as it affects wheat, would appear to be in direct conflict with the principles underlying the International Wheat Agreement, which is due to come to an end in July 1953.

Possible gains in Canadian exports to Europe of fertilizers, feedstuffs and agricultural machinery might result from operation of this Plan.

STATISTICAL APPENDIX

Geographical Distribution of Canadian Exports

(Million Canadian $)

	1938	1939	1948	1949	1950
To All Countries	837.6	924.9	3075.4	2993.0	3118.4
To U.S.A.	270.5	380.4	1501.0	1519.0	2036.8
To U.K.	339.7	328.1	86.9	705.0	470.0
To Continental Europe	78.1	57.9	329.4	228.0	203.8

Composition of Canadian Exports to Europe (including U.K.)

(Million Canadian $)

	1938	1939	1948	1949	1950
Total Exports	417.7	385.0	1,016.3	946.3	679
Agric., Vegetable and Animal Products	256.2	194.5	558.4	541.7	
Wood and Paper	79.3*	50.0	110.5	97.1	
Non-Ferrous Metals	135.4	102.0	186.9	195.0	
Iron and Products	18.0*	17.0	44.8	38.1	
Chemicals	5.4*	6.0	18.3	13.8	

(*Fiscal Year)

Canadian Exports of Wheat

(Million bushels)

	1938	1939	1948	1949	1950
To All Countries	114.2	162.9	135.6	210.4	163.0
To U.K.	61.2	61.9	117.3	132.3	87.0
To Continental Europe	31.4	27.3	9.5	23.9	23.3

Canadian Exports of Iron and Steel Products

(Million dollars)

	1949		1950	
	To All Countries	To Europe	To All Countries	To Europe
Iron ore	14.0	3.6	13.0	1.0
Alloys	17.8	10.2	16.4	4.8
Other primary products	23.2	1.4	32.3	0.5

DEA/50093-C-40

869.

Extrait du procès-verbal de la réunion du sous-comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Sub-Committee on External Trade Policy

SECRET [Ottawa], May 25, 1951

Present:
A.F.W. Plumptre, Department of External Affairs (Chairman)
J.R. Beattie, Bank of Canada
R. Cousineau, Tariff Board
J.J. Deutsch, Department of Finance
J.G. Howell, Department of National Revenue
C.M. Isbister, Department of Trade and Commerce
H.R. Kemp, Department of Trade and Commerce
A.E. Richards, Department of Agriculture
P. Stuchen, Privy Council Office (Secretary)

Also Present:
Ross Campbell, Department of External Affairs
R.B. Nickson, Department of Trade and Commerce
S.S. Reisman, Department of Finance
M. Schwarzman, Department of Trade and Commerce
H.H. Wright, Department of External Affairs

. . .

II and III. *Consideration of Schuman and Pflimlin Plans*

3. *The Chairman* commended the European Division of the Department of External Affairs and the International Trade Relations Division of the Department of Trade and Commerce upon the preparation of the memoranda dealing with the political and commercial aspects of the Schuman and Pflimlin Plans.

(ISCETP Documents No. 51-36, 51-37 and 51-38)

4. *Mr. Isbister* referred to the growth of agricultural protectionism in Europe, similar to developments of the 1930's and likely to affect Canadian wheat as well as other exported foodstuffs. Agricultural self-sufficiency may be widely supported by other than farm interests on the ground of the strategic desirability of having a domestic food supply in the event of being overrun or cut-off from shipping services.

The Schuman Plan and the Pflimlin Plan are both symptomatic of underlying conditions in Europe at present. There is a conflict between two sets of forces on the Continent. On the one hand, there is a desire to liberalize trade, perhaps on a multilateral basis, perhaps on a European preferential basis. On the other hand, there is the traditional desire for national protection on the part of established industries. It is difficult to predict the outcome.

In commercial relations with Europe, Mr. Isbister felt that Canada has a dual interest: first, that Europe be strong and prosperous; second, that the European countries should not establish barriers to Canadian goods.

5. *Mr. Beattie* pointed out that we need to draw a sharp distinction between the two Plans: The Schuman Plan would be more acceptable in that it would likely lead to an increase in the member-states' efficiency; on the other hand, the Pflimlin Plan to be self-sufficient in food could only be achieved at substantial economic cost. In other words, European integration has some meaning as far as the former Plan is concerned but not as regards the latter. Our view, therefore, towards the Schuman Plan might not be that towards the Pflimlin Plan.

6. *Mr. Reisman* mentioned that while the implementation of either Plan is not imminent, we had already taken the line at Torquay, together with the U.S., that any solution to the problem of the disparities in the levels of European tariffs should be applied generally. The Schuman Plan would be referred to GATT for approval in September and we will have had to pass judgment on it at that time.

7. *Mr. Isbister* said that with the threat of war it is possible for Europe to put up plans such as the Schuman and Pflimlin on grounds which Canada would find it difficult to oppose.

8. *Mr. Campbell* pointed out that the Plans were part of the movement towards the complete federation of Europe; other schemes for integration in specified fields, such as transportation, were to follow. Canada had given approval to this "closer political integration of Europe". Possibly it might be advisable to approve the Pflimlin Plan politically but not economically. Since this Plan is being sponsored by the Council of Europe (unlike the Schuman Plan) and since closer Canadian association with that body is being sought on a parliamentary rather than governmental basis (by communications directed to the Speaker of the House of Commons), it might be advisable to arrange for an early ministerial statement of Canadian Government views, after the advantages and disadvantages to Canada had been thoroughly examined at the official level and the conclusions made available to the Minister concerned.

9. *Mr. Richards* indicated that in considering the Pflimlin Plan obligations assumed under the International Wheat Agreement (which does not expire until July, 1953) should not be ignored.

10. *Mr. Isbister* mentioned that one of the immediate results of Torquay is that the multilateralists in the U.S.A. who support the Reciprocal Trade Agreements Programme have obviously become weaker.

11. *The Committee*, after further discussion, agreed,

(1) that replies from Canadian representatives abroad as to the reception towards the Pflimlin Plan would be circulated to members of the Committee; and

(2) that further consideration would be given to both Plans by the members of the Sub-Committee.

...

2e PARTIE/PART 2

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

BELGIQUE
BELGIUM

SUBDIVISION I/SUB-SECTION I

IMMIGRATION

870. DEA/232-Z-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 21, 1951

You will recall that you asked me to let you know what was being done about the objections put forward by the Belgian authorities regarding the establishment of Belgian immigrants in Canada.[3]

2. This question was originally raised in a note† to the Ambassador in Brussels which expressed the hope that Belgians would no longer be induced to emigrate to Canada without assured employment. Apparently a few Belgian immigrants have started off to Canada under their own arrangements with over-optimistic hopes of immediate success and have found upon their arrival that conditions here are different from those they had expected and have had the usual difficulties in adjustment. Some have sought the assistance of the Belgian Consulate General in Montreal.

3. The Ambassador in Brussels discussed the matter with the Secretary General of the Foreign Ministry and learned from him that the note had been sent out by a junior official without his personal knowledge. He stated, however, that the Belgian Government could not assume responsibility for the support of Belgians who had entered Canada for *permanent* residence. He realized that it would be impossible to expect 100% of the immigrants to be successful but stressed that they should be carefully warned in advance of conditions in Canada, and suggested that each emigrant, upon receiving his visa, be given a leaflet stating that the Belgian Government could not accept any responsibility for his welfare in Canada.

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[3] Note marginale :/Marginal note:
I don't think that the Belgians should feel that we have any special responsibility for their emigrants who come to Canada of their own free will. But it must be "*of their own free will*". If the Belgians get sticky in this matter, we should ask them frankly whether they wish us to close our immigration office in Brussels. L.B.P[earson].

4. The Director of Immigration, to whom this matter has been referred, has stated that the movement of Belgian immigrants to Canada this year has been very successful on the whole and very few problem cases have come to his notice.

5. The Immigration Superintendent in Montreal has already been asked to get in touch with the Belgian Consulate-General there to discuss individual cases. Arrangements are also being made for an informal meeting between the Immigration authorities and an official of the Belgian Embassy in order to obtain a clearer picture of the types of problems which are being encountered. The Ambassador in Brussels will be informed of the results of these discussions so that he may give a final reply to the Foreign Ministry's note.

6. I do not think that improper inducements or undertakings have been given to prospective immigrants by Canadian Immigration Officers in Brussels. One must however always bear in mind that in this business the financial interests of travel agents are inevitably involved. Over the statements of such persons the Canadian Immigration people abroad have little or no control.[4]

A.D.P. H[EENEY]

871.

DEA/232-Z-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique

Secretary of State for External Affairs to Ambassador in Belgium

DESPATCH C.497

Ottawa, September 25, 1951

CONFIDENTIAL

Reference: Your despatch No. 530† and related correspondence.

BELGIAN EMIGRATION TO CANADA

I attach for your information a copy of a memorandum which has been sent to the Belgian Chargé d'Affaires in Ottawa and which relates to discussions and conclusions of an informal meeting which was held in the Department on August 30th to consider problems of Belgian immigrants to Canada.

2. For your private information the Officers of Citizenship and Immigration and of this Department who have been most closely concerned in this matter have come to some fairly definite conclusions as to the source of the difficulties which have arisen. There is no doubt that about 150 Belgian immigrants have gone to the Belgian Consulate-General in Montreal seeking assistance there. The evidence is somewhat inconclusive as to how many of these people went to the Consulate-General on the advice of the local Immigration authorities. Actually no evidence was adduced that anybody had been sent to the Consulate-General by the Canadian

[4] Note marginale :/Marginal note:
Mr. Léger/Cons[ular] Div[ision]: See Minister's direction. Aug 24 A.D.P.H[eeney]

authorities. It may be, however, that some, either through misunderstanding or otherwise, have gone to the Consulate-General either on the advice or with the acquiescence of members of the Immigration staff in Montreal.

3. In the Belgian Consulate-General in Montreal is a young, enthusiastic and somewhat idealistic officer whose name is Querton. Mr. Querton, who was present at the discussions in Ottawa, evidently feels that he has a very marked duty to his fellow countrymen to see that they are placed in suitable employment after they come to Canada. This is of course a very proper attitude but it leads to snowballing in which any Belgian who has any real or imaginary problems lays them at once upon his doorstep. Mr. Querton has evidently made great efforts on behalf of individuals and there has grown up the idea in Montreal that if a Belgian immigrant cannot immediately get all he wants from Immigration or the National Employment Service the best thing he can do is to carry his troubles to the Consulate-General.

4. By quite informal personal methods we are trying to bring to the attention of Mr. Querton the doubtful wisdom of his becoming so deeply involved in immigration matters. We fear that if his present activities are continued there will always be a certain amount of difficulty. Mr. Querton does not confine himself to helping Belgians to find employment but he seems to get considerable mail from Belgians asking about conditions in Canada and this he tries to deal with in a very detailed way. For example, he supplies a price list of a wide variety of goods and commodities based on prices in Montreal stores. As you know, this is an exceedingly difficult thing to do and the result may easily create false impressions.

5. Canadian officers attending the meeting explained in detail to the Belgian representatives the difficulties of making prospective European immigrants to Canada realize the true conditions of life here. With the best will in the world it is an extraordinarily difficult thing to get over to the European who has made up his mind to come to Canada that he will not immediately find here employment to which he is personally suited and conditions of life much better here than he enjoys in Europe. Nevertheless it was generally agreed that no effort should be spared by which our Immigration staff abroad should bring home to prospective immigrants the truth of the real problems which any immigrant to this country must encounter at the start.

6. You will observe that paragraph 5 (iv) of the attached memorandum states that if the Belgian authorities so desire Immigration representatives in Belgium will advise intending immigrants that after their arrival in Canada they should look to the Canadian and not the Belgian authorities for assistance in placement in employment and that the latter could not assume any responsibility in this respect. You will no doubt be discussing this subject generally with the Foreign Ministry and we should be grateful if you would ascertain their wishes with regard to the advice which our representatives in Belgium should give in this regard.

7. It may be of some interest to you that when he was in Ottawa recently Mr. van Zeeland told Baron de Gaiffier, Chargé d'Affaires at the Belgian Embassy, that he considered this country presented great opportunities for Belgian immigrants but that they should realize before they started that they would have to work harder and that their conditions might be less comfortable at the outset than those which they

would leave in Belgium. It is perhaps this aspect of the matter that our Immigration Officers always have to drive home. While there was no evidence before the meeting that our Immigration Officers in Belgium had failed at all in this respect, yet it is perhaps in the nature of things that with a general programme of immigration under way some people particularly travel agents should tend to show the rosy side of life here rather than the reverse. Neither Immigration nor Labour can guarantee to place new immigrants in any specific line of employment from the start. The whole record of the successful immigrant to this country has been that of the man who was willing to take the work that offered and gradually to get himself into the kind of thing that he wanted to do most. Government can go to great lengths in selection and placement of immigrants but in the ultimate analysis it is the heart within the man that matters and sometimes it is only in the school of hard knocks that the lessons can be learned. Despite the triteness of the platitude it is probable that our Immigration officials abroad can do something if perhaps not very much to offset the exaggerated ideas of life in this country that so many intending immigrants possess.

[L.B. PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

PROBLEMS OF BELGIAN IMMIGRANTS

The Belgian Ministry of Foreign Affairs recently brought to the attention of the Canadian Embassy in Brussels certain difficulties which have arisen in connection with Belgian immigrants who have come to Canada in the course of the last few months. It was decided to convene a meeting with Representatives of the Belgian Embassy here and the Belgian Consulate General in Montreal, the Department of Citizenship and Immigration and the Department of External Affairs for informal discussion of the problems involved. This meeting took place on August 30, 1951, in Room 117, the East Block, Ottawa, at 11.30 a.m.

2. There were present:

Baron Pierre de Gaiffier d'Hestroy,
Chargé d'Affaires of the Belgian Embassy;
Mr. Jean Querton,
Belgian Consulate General in Montreal;
Mr. C.E.S. Smith,
Director of Immigration;
Mr. J.A. Paul,
Chief of the Immigration Settlement Service;
Mr. L.G. Chance,
Department of External Affairs;
Mr. A.A. Day,
Department of External Affairs;
Mr. P.L. Trottier,
Department of External Affairs;
Mr. W.K. Wardroper,
Department of External Affairs.

3. In course of discussion it was observed that:

(a) The great majority of Belgian immigrants coming to Canada had been easily and satisfactorily established. Belgians generally were regarded as highly desirable immigrants to this country;

(b) Belgian immigrants coming to Canada fall into two categories:

(i) those who have some means and make their way to this country entirely on their own resources; and

(ii) those who avail themselves of the Assisted Passage Scheme or who, though they have enough funds to pay for their transportation to Canada, must find employment and accommodation upon their arrival.

(c) A certain percentage of problem cases is inseparable from any period of active immigration. Rosy impressions form themselves in the minds of intending immigrants to the New World which, however erroneous, cannot always be eradicated except in the school of actual experience. The majority of problem cases have arisen among those who came to Canada on their own resources and who, finding conditions not as they had expected them to be, had carried their troubles to the Belgian Consulate General in Montreal. The latter had befriended them and in all but a few outstanding difficult cases had succeeded in getting the immigrants satisfactorily placed through the active Belgian community in Montreal and the co-operation of the local Immigration and Employment Service authorities.

(d) There was no evidence that in any case the Canadian Immigration authorities had referred the immigrants in difficulty to the Belgian Consulate General or Embassy. It was, however, evident that the Belgian Consulate General in Montreal had taken a great deal of interest in Belgian immigrants and it was possible that from this fact had arisen the idea in the minds of a number of these people that they should take their difficulties to the Consulate General rather than to the Canadian authorities concerned in the placement of those seeking employment. The Consulate General had not encouraged such a movement but the news of assistance quickly spreads among a group of newcomers and this had resulted in perhaps 150 persons approaching the Consulate General for help.

4. Representatives of the Department of Citizenship and Immigration reaffirmed that they assumed full responsibility for the placement in employment of persons who come to Canada under the Assisted Passage Scheme or who are without funds upon their arrival here, though they could not guarantee any specific employment. It was explained further that the whole history of migration to Canada had demonstrated general success over the years of those who were willing during the first months or years to accept any work until that which was more suited to their general qualifications was found.

5. It was agreed

(i) that it would be regrettable if the movement of Belgians to Canada were restricted because a relatively few minor difficulties had arisen in individual cases;

(ii) that the Belgian Consulate General in Montreal would refer immediately to the Department of Citizenship and Immigration any outstanding problem cases

and that the latter would make every effort to find suitable employment for the individuals;

(iii) that the Director of Immigration would again caution Immigration Officers in Brussels to be particularly careful when interviewing prospective immigrants to point out the true nature of conditions in Canada. (No evidence had been adduced during the meeting indicating that there had been any failure on the part of Immigration Officers in Belgium in this respect);

(iv) that if the Belgian authorities so desired Immigration representatives in Belgium would advise intending migrants that after their arrival in Canada they should look to the Canadian and not the Belgian authorities for assistance in placement in employment and that the latter could not assume any responsibility in this respect.

872.

DEA/232-Z-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

DESPATCH 759

Brussels, November 30, 1951

CONFIDENTIAL

Reference: Your despatch C.497 of September 25, 1951.

BELGIAN EMIGRATION TO CANADA

You will find herewith copies of a memorandum on the meeting which was held at the Foreign Ministry on November 21 on the occasion of Mr. C.E.S. Smith's visit to Brussels in connection with the Migration Conference.[5]

2. This memorandum is self-explanatory. I am told that the meeting took place in a friendly atmosphere and that M. Geeraerts, who in the past appeared to be the Belgian official most concerned about the difficulties encountered by Belgian immigrants in Canada, went out of his way to point out that difficult cases had been the exception.

3. A copy of the attached memorandum was given to Mr. C.E.S. Smith. You will no doubt be informed of the views of the Department of Citizenship and Immigration on the point raised in the last paragraph of the memorandum.

ROGER CHAPUT
for Ambassador

[5] Voir le document 344./See Document 344.

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

BELGIAN IMMIGRATION TO CANADA

During his conversation of August 1, 1951, with Mr. Arnold Smith on the above subject, the Secretary General of the Foreign Ministry suggested that, in order to avoid misunderstandings with regard to the Belgian Government's responsibility vis-à-vis Belgian emigrants upon their arrival in Canada, a printed paper explaining the limitation of its responsibility might be given to all Belgian emigrants before they leave. Mr. Smith's reply was that this might be possible and that any such request would be transmitted to the Canadian authorities.

2. During the meeting of August 30 which took place in Ottawa between the Belgian Chargé d'Affaires, the Belgian Consul General in Montreal and representatives of the Department of Citizenship and Immigration (including Mr. C.E.S. Smith) and the Department of External Affairs, it was agreed:

> "That if the Belgian authorities so desired Immigration representatives in Belgium would advise intending migrants that after their arrival in Canada they should look to the Canadian and not the Belgian authorities for assistance in placement in employment and that the latter could not assume any responsibility in this respect."

3. A meeting took place in the Foreign Ministry on November 21, 1951, with a view to discussing this problem. The meeting was attended by:

M. Contempré,
Directeur Général de la Chancellerie et du Contentieux, Ministère des Affaires Étrangères
M. Geeraerts,
Ministère des Affaires Étrangères
Mr. C.E.S. Smith,
Director of Immigration for Canada
Mr. L.A. Chevrier,
Acting Head of Immigration Office, Brussels
Mr. Roger Chaput,
Second Secretary, Canadian Embassy, Brussels.

4. The Belgian representatives referred briefly to the difficulties which had been encountered in Canada by Belgian immigrants on their arrival there. While they readily pointed out that difficult cases had been the exception, the Belgian representatives underlined the following two points with a view to keeping these cases to a minimum:

(1) The Canadian Immigration Officers in Belgium should make a point of giving prospective immigrants a true picture of the conditions in which they would find themselves upon their arrival in Canada and of the specific problems with which they would be confronted.

(2) It should be made clear to Belgian immigrants before they leave that the Belgian Government does not hold itself responsible for the securing of employment for Belgian immigrants and for their maintenance and eventual repatriation.

5. With regard to the first point, the Canadian Immigration Officers present emphasized that everything possible was being done in order to convey to the applicants an exact picture of the situation in which they would find themselves in Canada, and also of conditions in Canada in general. On the latter point it was impossible to furnish detailed information on such items as wages and prices since these varied from one day to another and also from one region to another. The supplying of up-to-date information on these points to Immigration Offices abroad had been found an insuperable task. The Belgian officials expressed their appreciation of the Canadian position on this point. Confirmation of the Canadian Government's commitments in the matter of employment — namely guarantee of employment but not of any specific employment — was at the same time given to the Belgian officials.

6. With regard to the second point, Canadian officials underlined that there had been no evidence that Immigration Officials in Canada had referred immigrants to Belgian Consulates. In some cases however, Belgian immigrants had called at Belgian Consulates before they had submitted proper applications to the Canadian authorities. It was suggested that the Belgian authorities might advise, before their departure, Belgian citizens emigrating to Canada that the Belgian Government could not assume responsibility in connection with the securing of employment and the furnishing of financial assistance. This might take the form of a printed sheet which would be given to emigrants by the Belgian authorities at the time passports were issued, or by banks at the time foreign exchange was obtained.

7. The Belgian representatives pointed out that the situation in Belgium with regard to passport-issuing authorities did not permit the implementation of the Canadian suggestion since Belgian passports are issued by municipal authorities in every town having a population of 5,000 or more. Moreover, each Belgian citizen is entitled to a passport as a matter of right, whatever may be the purpose of his request. This situation hardly lends itself to the questioning of applicants which the implementation of the Canadian suggestion would necessarily involve. The alternative, which was the release of the printed sheet referred to above to all applicants, was obviously unwarranted, and at any rate undesirable from the Canadian point of view, since it might easily create false impressions on the conditions awaiting Belgian immigrants upon their arrival in Canada.

8. The Belgian representatives suggested that the easiest way to solve this problem might be for Canada to include a text to be agreed upon by both parties among the documentation which is distributed to each applicant as a matter of course by the Canadian Immigration Office in Brussels. This text could be either incorporated in one of the documents already being distributed, or take the form of a separate document.

9. The Canadian Immigration Officers intimated that it would be preferable from the Canadian point of view to have a separate document which would be added to the standard documentation already given. The Belgian officials submitted a draft text for the approval of the meeting, the last sentence of which reads as follows:

"However, Belgian immigrants may, like any other of their compatriots, have recourse to the good offices of the Belgian Consulates with a view to securing

information and assistance in connection with letters of introduction which they may need."

10. Though expressing their general approval of the text submitted, the Canadian representatives pointed out that the sentence quoted above might induce Belgian immigrants to apply to Belgian Consulates in Canada for something more than mere information or letters of introduction. The Belgian representatives agreed with this, but intimated that the deletion, pure and simple, of the above sentence would leave Belgian immigrants with the impression that the Belgian Government considered that they had ceased to be Belgian citizens at the time of their arrival in Canada and that Belgian Consulates would not consider legitimate requests dealing with passports, birth certificates and similar services.

11. A revised draft of the last sentence was ultimately approved by the meeting. On the other hand, it was suggested by the Canadian representatives that in view of the fact that the text which the Canadian authorities were called upon to distribute consisted of a message from the Belgian Government, an introductory sentence should be added which would indicate the source of the message. The Belgian representatives concurred in this suggestion.

12. The text finally agreed upon read as follows:

"The Belgian Government has requested us to inform you of the following:

"Generally speaking, emigrants are going to Canada at their own risk. However, the Canadian Immigration Services undertake to find employment for persons arriving in Canada under the assisted-passage scheme or who are without financial means at the time of their arrival, though they do not guarantee any specific employment. Belgian emigrants must address themselves to the Canadian Immigration Services at the time of their arrival in Canada, and not to Belgian Consulates. The latter cannot assume the responsibility of finding employment and, *a fortiori*,[6] a particular employment suited to the capacities and desires of the persons concerned, or of furnishing financial assistance for their maintenance or their eventual repatriation. However, the Belgian Consulates remain at the disposal of immigrants for any other services which they may require as Belgian citizens."

13. The Director of Immigration undertook to submit the new text to the Canadian authorities for approval together with the suggestion that it be distributed by Canadian Immigration Offices in Brussels.

[6] Note marginale :/Marginal note:
Very useful phrase to a labourer [F.-X. Houde]

SUBDIVISION II/SUB-SECTION II

RESTRICTIONS À L'IMPORTATION
IMPORT RESTRICTIONS

873.

DEA/4901-Q-40

Note

Memorandum

[n.d.]

INTENSIFICATION OF IMPORT RESTRICTIONS BY BELGIUM

The Governments of the Economic Union of Belgium and Luxembourg recently announced that intensified restrictions would be applied against imports from dollar countries. The reason for these restrictions stems from the substantial trade surplus which Belgium has with other members of the E.P.U. Under present conditions, the surplus must be financed either by credits by Belgium or by gold payments by the debtor countries. It appears that Belgium is not prepared to extend further credit to the extent necessary to cover its present surplus and the debtor countries are not willing or able to finance it with gold. The O.E.E.C. and E.P.U. have suggested that Belgium should attempt to correct this situation by diverting certain of its imports from the dollar area to E.P.U. countries by means of discriminatory restrictions.

The Canadian Delegation, presently attending the Sixth Session of the Contracting Parties of the G.A.T.T., has been informed that the Belgian Delegation intends to raise this matter at the current session.[7] How to present the case appears to be delaying this action because it is difficult to envisage how the new restrictions can be permitted within the provisions of the G.A.T.T. Articles XI and XII, which deal with import restrictions, do not make provision for a country to apply restrictions in a discriminatory manner in order to help debtor countries, unless it is in balance of payments difficulties itself with the countries against which it is discriminating.

The Belgians do not appear to have decided under which articles of the G.A.T.T. they will raise the matter. According to a communication from the Canadian Delegation, the Belgians may try to claim that without such new restrictions their gold and hard currency reserves will be impaired. In this connection their reasoning appears to be that the other E.P.U. members, some of whom now pay for a substantial part of their purchases in Belgium with gold or dollars, will curtail their purchases in Belgium. Thus that country's gold and dollar reserve will be decreased. Unless Belgium's imports from the dollar area are likewise reduced, there will be a depletion of the country's reserves.

[7] Voir le document 343./See Document 343.

It is difficult to foresee how such a case could be justified. There has been no impairment of Belgium's reserves; to what extent, if any, there would be a decrease is a matter of conjecture. It would therefore be difficult to sanction a remedy for a problem that might not arise.

The Belgian restrictions will have a considerable influence on Canadian trade with that country. Some of the new restrictions became effective on September 10th and a number of Canadian exporters have already been told that in future no licenses will be issued for the importation of their products. These include cheddar cheese, nylon stockings, toys, washing machines and possibly whiskey.

Up to the present the Belgian authorities have issued a list of items that will *not* be subject to licensing. All other goods are to be subject to restriction. No regulations have yet been released respecting whether quotas will be established for these items or which ones will be prohibited. In the past it has often been the practice of the Belgian authorities not to make this information public, but to issue or deny licences on a basis known only to them.

In spite of the lack of definite information, it has been possible to make a preliminary appraisal of the damage that may result to Canadian exports. The following two tables† show, first, the list of Canadian exports to Belgium in 1950 which were subject to licensing prior to the new restrictions and which will continue to be under licence. Licences were freely granted for most of these products prior to September 10. The second list shows those exports in 1950 for which no licence was formerly required but which are now subject to restrictions.

These lists have been studied by the commodity specialists of this Department. They have indicated, for each item, whether in their opinion, similar goods in the same quantities can be obtained in Europe. The results are as follows:

(1950)

1. Total Canadian exports to Belgium-Luxembourg were roughly $66 million.

2. The exports of goods to be subject to licensing under the new regulations amount to $10.647 million.

3. In the opinions of the commodity officers Belgium will have to continue importing $3.8 million of the products placed under restriction. It might be possible to do without $6.8 million which could be bought in Europe.

4. It is in Canada's interests to attempt to keep the Belgian market for many of the items that could be procured in Europe. This market has been built up with considerable effort and for many lines is the only one in Europe which is open to Canadian exporters.

Conclusion

The Canadian Delegation to G.A.T.T. should take the position that these measures cannot be justified under the provisions of the Agreement. The Delegation ask that the CONTRACTING PARTIES request Belgium to again consult with O.E.E.C. and E.P.U. with a view to finding an alternative and more constructive

method of solving that country's balance of payments problems with other members of the E.P.U.[8]

874.

DEA/4901-Q-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to European Office of United Nations

TELEGRAM 120

Ottawa, October 4, 1951

CONFIDENTIAL. IMPORTANT.

Repeat London No. 1778; Brussels No. 120; Washington EX-1932.
Your No. 89†, 97† and 101† of September 25, October 2 and 3 — Belgian Import Restrictions.

1. Officials of Departments concerned here take very serious view of new Belgian import restrictions. There seems no doubt that these are already in force. Complaints have been received from Canadian exporters of cheddar cheese, nylon stockings, toys, washing machines, and whisky and position has been confirmed with our Trade Commissions in Brussels. Belgium was our third largest market in 1950. Full details have been mailed to you by Trade and Commerce. It is particularly regrettable that, in the name of European trade liberalization, certain Canadian exports are now being excluded from the one European market to which they had relatively free access. This apparently confirms our earlier forebodings when EPU was set up.

2. We take the view that Belgium is not faced by any emergency either in reserves or balance of payments and that they should therefore have consulted with other Contracting Parties before (repeat before) imposing restrictions. You should make strong informal representations to have restrictions removed immediately. If these are not successful, you should make a formal protest in the Contracting Parties based on Article XII 4(a) unless you are fully satisfied that Paris discussions are leading to immediate removal.

3. Willoughby tells us that about a week ago the United States Delegation was instructed to take the following line:

(a) It is doubtful whether Belgian reserves are threatened as provided for in Article XII 2.

(b) Whether Belgian reserves fall will depend on several factors, including the settlement of the Belgian EPU surplus.

(c) Under Article XV Monetary Fund must be consulted before GATT reaches decision on restrictions.

[8] Note marginale :/Marginal note:
[Frank] Hooton You will have seen from [the] circulating file the action taken as a result of discussion of this paper yesterday with Bull and Deutsch. A.F.W.P[lumptre] Oct. 3/51

(d) Views of the Fund should now be sought.

(e) Meanwhile Contracting Parties should take no further action (and even consultation with Fund should be deferred until after EPU decisions are reached).

Willoughby understands that these instructions were sent when United States authorities were in doubt whether Belgian restrictions had in fact been introduced. We would support U.S. line of action if, but only if, the new restrictions were now immediately withdrawn.

4. Reports by Michael Hoffman suggested Belgian action was prompted by ECA. This has been definitely denied.

875. DEA/4901-Q-40

Le représentant permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 106 Geneva, October 9, 1951

CONFIDENTIAL

Reference: Your telegram No. 120 of 4th October and our No. 104 of 6th October.†

BELGIAN IMPORT RESTRICTIONS

Following from GATT delegation, Begins: We have seen Suetens, Head of Belgian Delegation, and informed him of our position as instructed. Suetens is now awaiting consultation in Brussels and final instructions which he hopes to have by October 17th.

2. We told the Belgians that in our view they should remove their new import restrictions immediately. If they believe Belgium to be in balance of payment difficulties, consultation may then be initiated under Article XII(4)(a) of GATT. Should Belgium not take initiative in this way, we informed them that we would raise this matter ourselves in contracting parties but we said we would prefer them to take the initiative.

3. Since Monetary Fund must prepare information, there is no chance whatever of any consultation with Belgium being completed at this session of the contracting parties.

4. Belgians mentioned the possibility that they might declare their programme to be (import ?) restrictions under Fund Article XIV. We told them we would give careful consideration to any claim they might make to being in balance of payment difficulties. On the other hand, we said that our representatives in the Fund would certainly oppose Belgian use of enemy occupation clause to justify these measures imposed six years after war.

5. United States now agree that this case should be handled under GATT Article XII(4)(a) rather than under Fund article and have so informed Belgians.

6. Belgian delegation is obviously worried by dose of buckshot we have administered. We cannot yet guess what the Belgian Government will decide to do.

876.

DEA/4901-Q-40

Le représentant permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 107

Geneva, October 10, 1951

CONFIDENTIAL

Reference: My telegram No. 106 of October 9th.

BELGIAN IMPORT RESTRICTIONS

Following from GATT delegation, Begins: Pending further developments we are consulting with principal delegations concerning Belgian case.

2. United Kingdom informed us that in their view Belgium is justified in imposing dollar import restrictions. They said further that if issue is raised in GATT United Kingdom will strongly support any case which Belgium will put forward for such measures. It was quite clear from the discussions that the United Kingdom has been urging Belgium to impose restrictions against dollar goods.

3. United Kingdom regards the issue as involving the continued existence of EPU. They said failure by Belgium to cut down its EPU surplus will compel United Kingdom to impose severe restrictions against Belgian imports which would drive Belgium out of EPU. While United Kingdom recognizes that a constructive approach to the problem would be Belgian relaxation of restrictions on imports of agricultural and fisheries products, they insist that this will not, repeat not, suffice. As to measures by Belgium to divert exports to dollar countries United Kingdom say that such actions will cut across NATO defense programmes.

4. United Kingdom indicated they would prefer that the issue not be raised at present. We said that the most effective way of avoiding the issue here would be for Belgium to remove new dollar restrictions immediately and suggested United Kingdom might help convince Belgium to do this, we also told United Kingdom that we were seriously disturbed to learn United Kingdom intend to support the Belgian case for dollar restrictions. You may wish to consider desirability of direct representation to the United Kingdom concerning this matter. Ends.

877. DEA/4901-Q-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 1822 Ottawa, October 12, 1951

CONFIDENTIAL

Repeat Washington EX-1983; Paris No. 68; Geneva No. 131; Brussels No. 124.

BELGIAN IMPORT RESTRICTIONS

1. In our immediately following telegram† we are repeating telegram No. 107 of October 10 from Geneva. Will you please make the representations to the United Kingdom authorities suggested in paragraph four.

2. Since we do not know all the facts of the case we are not at this stage prepared to argue whether or not Belgium will be faced by a "need" to impose import restrictions against dollar goods. We do however take the view based on our knowledge of relevant facts that Belgium is not faced by any immediate emergency either in reserves or balance of payments and that they should therefore have consulted with other contracting parties before (repeat before) imposing restrictions. We have made strong representations to them to this effect in Geneva.

3. It appears that the United Kingdom has supported the Belgians not only in their imposition of restrictions but in their unwillingness to raise the matter for discussion in GATT. We would gather from the telegram from Geneva that United Kingdom if faced by a choice between damage to EPU on the one hand and flagrant disregard for GATT obligations on the other would unhesitatingly approve the latter course. We believe that their choice is to say the least open to question. We believe that EPU has served and should continue to serve a very useful purpose in Europe but we have never and could never accept the view that Canadian interests must automatically be sacrificed to it.

4. Please keep in mind that our immediate objective is to get existing Belgian restrictions removed and to avoid, not to precipitate, endless technical wrangles in GATT with restrictions still in effect.

5. Plumptre will bring with him some additional documents on this matter which you have not yet received.

878. DEA/4901-Q-40

Note du chef de la Direction économique
Memorandum by Head, Economic Division

[Ottawa], October 13, 1951

For Mr. Hooton

BELGIAN IMPORT RESTRICTIONS

Please note the telegram to London which I initiated on October 12, and sent to U.S.S.E.A. for signature. I checked it with Hume Wright and Barrow before sending it upstairs (Deutsch is still out of town and Bull was tied up).

Both Hume and I are rather worried that our delegation in Geneva may be rushing ahead "thirsting for blood" without (if I may mix a metaphor) also "keeping their eye on the ball". Our purpose should not be to uphold every letter of the law of GATT, but rather to protect Canadian interests which, in this instance, means that we should bend our efforts to getting the existing restrictions removed and not in precipitating an argument over technicalities with the restrictions still in force.

It is my feeling, with which both Wright and Barrow seem inclined to agree, that we should not even be too insistent on threshing the whole matter out in GATT. After all GATT does not provide for all circumstances. We have recognized that it does not adequately provide for the existence of the sterling area and have not supported the United States or the Fund in their efforts to insist that sterling area countries cannot impose import restrictions unless their own (as opposed to the central) dollar reserves are falling. It may be that we shall have to recognize that GATT does not fully take account of the existence of EPU and that discussions relating to EPU matters may sometimes better be held outside GATT than inside it. The important thing is that we should always be given a reasonable chance to protect Canadian interests and, consequently, if Canadian interests are going to be hurt then we should be in a position to explain and in a measure to defend the position taken by other countries when Canadian exporters rush indignantly up to Ottawa.[9]

In short, I feel we should envisage the possibility of discussions with the Belgians and perhaps with the others concerned outside GATT, but this a serious matter of policy which certainly would have to be discussed and considered fully by the departments concerned. Barrow has undertaken to explore it with Bull; Wright has undertaken to raise it with Deutsch when he gets back on Tuesday. It may be that the other departments will agree to send a telegram somewhat softening our earlier instructions to raise the matter formally in the Contracting Parties unless they can get immediate satisfaction from the Belgians. We must, of course, act reasonably

[9] Note marginale :/Marginal note:
[Raise in GATT?
UK attitude
US attitude] [Inconnu/Unidentified]

quickly otherwise our delegation will act on their existing instructions, and, of course, it may turn out that this is the best thing to do. I am not seriously opposed to the existing policy; I only think that the matter should be reviewed again quickly in the light of developments since these instructions were sent.

A.F.W. P[LUMPTRE]

P.S. Since this was dictated two things have happened: (a) Bull has had a talk with Barrow and others and has agreed that I should sent out a telegram to Isbister telling him not to make a formal protest in C.P's until he hears from us again,[10] and (b) Meanwhile, a meeting of the Interdepartmental Committee on External Trade Policy will be called.

I am sending a copy of this to the Under-Secretary who might wish to have it at the meeting.

A.F.W. P[LUMPTRE]

879. DEA/4901-Q-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-3695 Washington, October 13, 1951

CONFIDENTIAL. IMMEDIATE.

Reference: Your teletype EX-1932 of October 4th, our teletypes WA-3609 of October 5th† and WA-3643 of October 9th.†

BELGIAN IMPORT RESTRICTIONS

1. In meeting with Dillon Glendinning, Deputy Director, Office of International Finance, Treasury Department, yesterday, Wolfson received the impression that the United States Treasury was reluctant to adopt any strong stand regarding Belgium's introduction of discriminatory measures against dollar imports. United States Treasury thinking seems uncertain because they realize the dilemma inherent in the fundamental contradictions of the policies which they have been advocating. The encouragement which has been given to European union, more particularly as expressed in the EPU arrangements, implies that the European group as a whole may resort to discrimination against dollar imports if in their opinion this be the most practical method of correcting internal imbalance. On the other hand, Glendinning appreciates that the advocacy or even acceptance of such policies may run diametrically against GATT and IMF policies and interests.

[10] Voir secrétaire d'État aux Affaires extérieures à la délégation auprès de l'Accord général sur les tarifs douaniers et le commerce, télégramme N° 133, 15 octobre 1951, DEA/4901-Q-40.
See Secretary of State for External Affairs to Delegation to GATT, Telegram No. 133, October 15, 1951, DEA/4901-Q-40.

2. Glendinning implied that perhaps the most advisable course would be to permit the situation to ride for a few months and then decide on appropriate action. Wolfson pointed out that silence during the next few months would make it more difficult to demand modified action from Belgium at a later date. He suggested that as in any event the list of commodities to which discriminatory measures had been applied were mainly of the non-essential variety, there was little reason to hope for any substantial shift in imports from dollar to EPU countries. Thus whilst giving questionable relief to EPU imbalance, the Belgians would, however, be setting a most undesirable precedent, viz: imposing discriminatory practices not as a defence against a sharply deteriorating balance of payments, but on the contrary, they would be imposing discriminatory practices because their position was too favourable.

3. Glendinning admitted the force of these observations, but asked what would be the United States position if in fact Belgium did not adopt a policy of dollar discrimination and then found herself in an adverse balance of payments position in a few months time. Wolfson countered by suggesting:

(a) There was no logical reason why the Belgium tendency to have a surplus balance should not continue even if there were no discrimination — this in fact has been happening in recent months.

(b) Even if there were some deterioration the surplus each month has been so large that what might be expected is a smaller surplus or very slight deficit only.

(c) The accumulated reserves were so large that even if there were a slight deficit on current account the Belgian position would not be seriously affected.

(d) The IMF might well indicate its willingness to allow Belgium to draw in order to have a secondary line of reserves. Belgium should prima facie be an attractive instance to initiate IMF member drawings.

4. Glendinning and Wolfson agreed to meet again next week to consider the problem somewhat further. These few comments may, however, be of some use in indicating present Treasury thinking.

880. DEA/4901-Q-40

Le représentant permanent à l'Organisation européenne de coopération économique
au secrétaire d'État aux Affaires extérieures

Permanent Representative to Organization for European Economic Cooperation
to Secretary of State for External Affairs

TELEGRAM 77 Paris, October 15, 1951

CONFIDENTIAL

Repeat London No. 187; Brussels No. 3, GATT Delegation at Geneva No. 4.

POSITION OF BLEU IN EPU

The Managing Board has reported on the problem and has recommended a short-term solution to December 31st, the details of which you have received from Brussels. If implemented, this formula would mean a real sacrifice by EPU because gold payments would likely come entirely from EPU resources. It is uncertain at present if the Belgian Government is prepared to accept this plan.

2. The Managing Board in its analysis of the Bleu position concludes that the preponderant factor is Belgium's current payments position vis-à-vis the United Kingdom and France. Statistics for the third quarter indicate an improvement in the Bleu balance of payments position with the Netherlands and a very substantial increase in the deficit with the United Kingdom and France. The Managing Board ascribes this trend to rearmament orders and the larger degrees of inflation which obtains in the United Kingdom and France as compared with Belgium. The report states that forces outside the control of the Managing Board are seriously affecting the stability of EPU and the problem of a long-term solution, therefore, is beyond its control. The report refers in a general way to "the international financing of rearmament" as an important factor and states that "any arrangement which may be made in this field may have marked repercussions in EPU". As these matters are beyond the competence of the board it confines itself to drawing the attention of the council to the need to consider these factors when discussing any long-term solution.

3. The general recommendations of the Managing Board include:

(a) a request to Bleu to increase imports from EPU countries,

(b) a request to other member countries to encourage exports to Bleu,

(c) Belgium should actively pursue a policy of internal expansion,

(d) the board's observations on rearmament and the financing of rearmament in regard to the problem of the Bleu surplus should be drawn to the attention of member governments and other governments associated with the OEEC,

(e) that discussions should take place between the Bleu and the member countries concerned on any other methods to reduce the net surplus of Bleu.

4. The report will be examined by the council on October 17th and we propose to make the following comments. The Managing Board's analysis of the problem does not consider the extent to which the speculative inflow of capital into Belgium is responsible for present difficulties and probably exaggerates the responsibility of rearmament orders by the United Kingdom. A more detailed examination of the trend during August and September may therefore be desirable. Information in October indicates the problem has become essentially that of a capital inflow. The main remedial measures therefore should endeavour to cope with this aspect of the problem. While some redirection of exports from European markets to the dollar area may be desirable, we view with considerable dissatisfaction the measures, endorsed by the Managing Board, to restrict dollar imports. Belgium has no balance of payments problem with the dollar area and such measures cannot but tend to increase costs for Belgium without promoting a viable solution. The volume of dollar imports to be restricted has been tentatively indicated as $60 million per year. In view of the magnitude of the Belgian problem the restrictions on dollar imports are quantitatively of little help; and in view of what we consider to be the main cause of the Belgian problem, the dollar restrictions offer no solution. We shall also state that the dollar restrictions are in our opinion contrary to international agreements to which both Belgium and ourselves are partners, namely GATT and perhaps IMF. We therefore consider that there should have been consultation and should still be consultation in these organizations before any action to restrict dollar imports is taken.

881.

DEA/4901-Q-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 2563

London, October 15, 1951

CONFIDENTIAL

Reference: Your telegram No. 1822 of October 12.
Repeat OEEC, Paris No. 220; GATT, Geneva No. 20; Brussels No. 22.

BELGIAN IMPORT RESTRICTIONS

In accordance with your message, Plumptre and Ritchie met this afternoon with Symon of the CRO and representatives of both the Treasury and Board of Trade to discuss the United Kingdom attitude towards the Belgian restrictions and towards possible consultation under GATT regarding those restrictions. We emphasized the concern of Canadian exporters and the Canadian Government at the effects of the Belgian measures. We also stressed how disturbed the Canadian authorities were by the lack of consultation on the introduction of these restrictions and at the indications that the United Kingdom government was supporting the Belgians in their

apparent reluctance to consult the contracting parties to the GATT. We expressed the view that the new restrictions should be withdrawn pending consultation.

2. The United Kingdom representative argued that the Belgian restrictions on dollar imports were essential to the preservation of the EPU and for the maintenance of intra-European trade which was essential to the rearmament programme. They pointed out that other measures than the curtailment of dollar imports were also being resorted to by the Belgians to correct the position. It was hoped, however, that it would not be necessary for the other European countries to go back on the trade liberalization which had been achieved among themselves during the past year or so, although it was conceivable that individual countries might find it necessary to increase their restrictions on imports from Belgium.

3. In summarizing the United Kingdom attitude, Symon stated that:

(a) The restrictions imposed by Belgium were regarded by the United Kingdom as justified in the interests of the EPU.

(b) In view of the emergency situation in EPU, the United Kingdom would oppose the withholding or withdrawal of the Belgian restrictions on dollar imports.

(c) The United Kingdom authorities would not be opposed to the Belgians entering into appropriate consultations if the import restrictions could be introduced or maintained during the course of such consultations (which United Kingdom officials think would be rather lengthy).

882. DEA/4901-Q-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-3716 Washington, October 16, 1951

CONFIDENTIAL. IMMEDIATE.

BELGIAN IMPORT RESTRICTIONS

1. In conversation this morning between Wolfson and Dillon Glendinning, Deputy Director, Office of International Finance and Secretary of the National Advisory Council, Treasury Department, we learned that in yesterday's meeting of the N.A.C. serious consideration had been given to the arguments put forward in our conversation with Glendinning. It has been decided that the United States GATT delegation will be instructed to pursue a course designed to reinforce the action which they anticipate that the Canadian delegation will initiate under GATT Article XII (4).

2. The United States delegation will join in a protest against the Belgian adoption of discriminatory action against dollar imports, probably framing its observations on cautious lines. They assume that the issue will lead to the consultation procedures envisaged under the GATT articles. This will serve to place the onus on the

Belgians to prove how their situation justifies the adoption of the measures contemplated. Such consultations will, however, obviously take time, in the course of which the United States hopes that the other factors in the picture to which they attach particular significance will emerge more clearly. These center mainly around the eventual extent of Belgium's contribution to the NATO effort, and the effect which any increase in United States off-shore purchases in Western Europe may have on the EPU position.

3. In general, the gist of the United States attitude will be that they do not see how the restrictions against dollar imports would be an essential element in the solution of the present difficulties. Glendinning intimated that the United States GATT delegation will be contacting our representatives in Geneva in this regard.

883.

DEA/4901-Q-40

Le représentant permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 116

Geneva, October 16, 1951

CONFIDENTIAL

Reference: Further to our telegram No. 112 of October 15th.†

BELGIAN IMPORT RESTRICTIONS

Following from GATT Delegation, Begins: Ottawa please repeat to London and to Deutsch in Paris.

1. United States Government has now adopted firm policy on this issue which will be followed by their representatives in whatever forum it arises including GATT, Fund and EPU. Policy is as follows.

2. (a) Belgian import restrictions must be justified on Belgian balance of payment grounds under GATT Article XII.

(b) On evidence available United States does not, repeat not, consider these restrictions to be justified on balance of payment grounds.

(c) United States believe dollar import restrictions are not, repeat not, necessary as a remedy for Belgian surplus in EPU.

(d) Consultations must take place under GATT Article XII 4(a) and these must be initiated immediately.

(e) Even if Belgians argue that these restrictions are essentially reasonable restrictions falling under Article XIV of Fund, they must nevertheless be justified under Article XII of GATT inasmuch as they are quantitative restrictions on trade.

3. If Belgium does not, repeat not, herself seek consultation under GATT, United States would prefer that Canada request such consultation because of our stronger position as a country not directly involved in EPU.

4. Next meeting of contracting parties will be held Thursday, October 18th. Must have instructions by that time.

5. Belgium is being informed of United States position immediately. Firm position by Canada before Thursday would further help influence decision of Belgian Government.

884. PCO/Vol. 194

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET [Ottawa], October 17, 1951

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman),
Mr. David Sim, Deputy Minister of National Revenue,
Mr. W.F. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. J.J. Deutsch, Department of Finance,
Mr. L.W. Pearsall, Department of Agriculture,
Mr. A.G.S. Griffin, Department of External Affairs.
Mr. R.G. Robertson, Privy Council Office (Secretary).

Also present:

Dr. A.E. Richards, Department of Agriculture,
Mr. H.R. Kemp, Department of Trade and Commerce,
Mr. H. Wright, Department of Finance,
Mr. F.G. Hooton, Department of External Affairs.

I. BELGIAN IMPORT RESTRICTIONS; INSTRUCTIONS TO CANADIAN DELEGATION TO G.A.T.T.

1. *The Deputy Minister of Trade and Commerce* said that, in the face of its steadily increasing surplus as the chief creditor of E.P.U. and of a considerable inflow of speculative capital, Belgium had recently taken measures to reduce the pressure to extend new credits to E.P.U. members. A part of the programme was to restrict imports from dollar areas and divert imports to E.P.U. countries. At the same time, an effort was being made to divert exports from E.P.U. countries to the dollar area thus bringing trade with the E.P.U. into better balance. On September 10 import restrictions had been placed against dollar area goods which had not previously been under restrictions, and in other cases the policy in granting licences had been made much more stringent. It was understood the objective was to bring about a saving of about $60 million per year on imports from Canada and the United States. Of this amount, about $10 million would fall against Canada and the remainder against the United States. Total Canadian exports to Belgium in 1950 were $66 million and Belgium was the third largest market for Canadian exports. There had been some protests already from Canadian firms that had met with refusals of licences.

Article XII of G.A.T.T. provided for the imposition of import restrictions in an emergency situation. It did not, however, appear that Belgian reserves were seriously threatened. In any event there was an obligation to consult before restrictions were imposed. In view of this, a strong informal protest to the head of the Belgian delegation to G.A.T.T. had been made. Mr. Isbister had now reported that the matter would be coming up for discussion on October 18 and that the United States had asked whether the Canadian delegation would take the lead along the lines of a memorandum that the U.S. authorities had approved. The memorandum set out five points:

(1) Belgian import restrictions on balance of payments grounds were contrary to Article XII of the G.A.T.T. and Belgium should have obtained prior approval.

(2) Even if Belgium contended that the controls were placed under Article 14 of the Monetary Fund, the United States would claim that the controls violated Article XII of the G.A.T.T.

(3) The United States had asked the Belgians for consultation under Article XII and that the lead should be taken by the Belgians to bring this question into G.A.T.T.

(4) On the basis of available evidence, the United States contended that Belgium had not any balance of payments difficulties and as such should not have imposed the import controls.

(5) The United States did not believe that it was necessary to impose the import controls in order to correct the E.P.U. problem facing Belgium. In other words, they claimed there was no conflict between E.P.U. and G.A.T.T.

United Kingdom officials had indicated they considered the Belgian restrictions to be essential for the preservation of E.P.U. and would oppose their lifting.

An explanatory memorandum had been circulated.

(Memorandum, International Trade Relations Branch, Department of Trade and Commerce, October 16, 1951)†

2. *The Deputy Governor of the Bank of Canada* pointed out that, in so far as the Belgian government was confronted by an emergency, it was in terms of foreign exchange policy rather than trade policy. To a large extent difficulties were arising out of capital movements and the restrictive measures would not help curtail those. Apart from other action that might be available to the Belgian government, an alternative solution was for the United States to finance Belgian credits through E.C.A. It was, however, an easier course for the United States to have the Belgians carry on with the restriction policy and it was apparent that the United Kingdom would prefer to have them meet their difficulties along the lines they had adopted rather than have E.C.A. step in.

3. *The Chairman* said that, so far as action by the Canadian delegation was concerned, he thought it should not be based too strictly on the legal obligations imposed by G.A.T.T. The political and financial embarrassments of the countries of the E.P.U. were very great at the present time and should not be regarded from too narrow an emphasis on the terms of G.A.T.T. Any representations by Canada should be based more specifically on the practical effects of the restrictions on

Canadian trade. The line suggested in Telegram No. 77 of October 15 from the Canadian representative to O.E.E.C. seemed appropriate. The United States was the only country really in a position, as the underwriter of E.P.U., to take the action that would permit an alternative solution. It was apparent that another look should be had at the adequacy of the resources of E.P.U. In instructions to the Canadian delegation at Geneva, it would be important to emphasize that they should not get into the position of appearing to launch an extra-European attack on E.P.U. solutions of the problems confronting it. The line should rather be that Canada did not deny the existence of the problem or its magnitude but that we did not wish to see solutions adopted that would place in jeopardy such international arrangements as it had been possible to reach. In short, we felt that the G.A.T.T. scheme of rules was worth trying to preserve but that this would not be possible unless it could be demonstrated that all countries were attempting to have regard for its obligations.

4. *Mr. Deutsch* said that in discussion of the matter in Paris, which led to the views expressed in the telegram of October 15, it had been considered that too much emphasis should not be placed on the technical position under G.A.T.T. but that, at the same time, the proper course for the Belgian government was to place its affairs in order under the Agreement by withdrawing the restrictions and thereafter consulting as provided. The measures themselves were not at all adequate to meet the real Belgian problem. The $60 million reduction of dollar imports was quantitatively too little and the restrictions offered no help in stemming the capital inflow. The measures were likely to accomplish only the confusion of trade relations and the embarrassment of future handling of similar problems. It had to be recognized that the whole position of E.P.U. was being affected by the re-armament programme. The economic situation in France was critical: inflation was severe and there was a real crisis of confidence. So far as action at Geneva was concerned, it seemed undesirable that Canada should take the lead alone. It would be preferable if there could be a joint approach with the United States.

5. *The Deputy Minister of Trade and Commerce* said he thought it was important that some action should be taken by Canada. Canadian manufacturers and exporters who had been injured by Belgian action would expect that the government should not remain passive. On consideration it had seemed desirable to direct the delegation that in order of preference the best courses appeared to be: to try to persuade the Belgian delegation itself to raise the question of dollar restrictions; failing that to persuade the U.S. delegation to take the lead in view of their relatively greater interest in the restrictions and their responsibility for O.E.E.C. and E.P.U.; and, failing that to try to arrange for a joint U.S.-Canada approach. If none of these three courses was practicable, as a last resort the delegation should raise the matter on the ground of the substantial damage that would result to Canadian trade and the difficulty of getting support for G.A.T.T. in Canada if violations by other countries were allowed. There seemed to be some possibility that the Belgian delegation might be persuaded to make the running itself and that would be much the best solution.

6. *Mr. Griffin* suggested that there might be advantage in simultaneously discussing the matter with the Belgian Embassy in Ottawa to explain the Canadian position.

7. *The Committee* after further discussion, agreed that instructions be sent to the Canadian delegation at Geneva along the lines developed in the discussion and in accordance with the order of preference suggested by the Deputy Minister of Trade and Commerce; the Belgian Embassy in Ottawa to be informed of the position being taken.

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885.

DEA/4901-Q-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to European Office of United Nations

TELEGRAM

Ottawa, October 17, 1951

MOST IMMEDIATE

Following for Isbister, Begins: Reference your No. 117, October 17,† Belgian import restrictions. Yours instructions are as follows:

1. Belgium should be asked to remove its dollar restrictions prior to a consultation with the Contracting Parties under the G.A.T.T. articles.

2. If possible, have the Belgians raise the question of dollar restrictions themselves; thus Canada would not be placed in the position of initiating the first move in the attack on the Belgian position.

3. If the Belgians will not raise the matter, discuss with the United States the possibility of their taking the initiative in view of their relatively greater interest in the restrictions, and their responsibility for, O.E.E.C. and the E.P.U.

4. If the United States is unwilling to take the initiative alone, the possibility of a joint Canadian-United States approach should be considered.

5. If, and only if, the first three approaches are not practicable, Canada should, with the support of United States, raise the issue in view of:

(a) The substantial damage threatening to Canadian trade;

(b) Our problem of selling G.A.T.T. to Canadian businessmen if we take no action when, in our opinion, other countries flagrantly violate it;

(c) If we overlook violations by any one country we weaken our position against other violators.

6. Your argument should follow the lines of paragraph 4, message 77, from Canadian representative O.E.E.C., Paris, repeated to you October 15.

7. We see danger in paragraph 3 of your 116 of October 16 of Canada being jockeyed into position of apparently torpedoing E.P.U. This inference must be disclaimed. Otherwise, we have no objection to the U.S. five points listed in your paragraph 2 of No. 116.

Instructions regarding Andresen amendment[11] and admission Japan to permanent membership G.A.T.T. follows in subsequent telegram.† Ends.

886. DEA/4901-Q-40

Le représentant permanent à l'Organisation européenne de coopération économique au secrétaire d'État aux Affaires extérieures

Permanent Representative to Organization for European Economic Cooperation to Secretary of State for External Affairs

TELEGRAM 79 Paris, October 21, 1951

RESTRICTED

Repeat London No. 192; Brussels No. 4; GATT, Geneva No. 5.
Reference: Our telegram No. 77 of October 15th (London No. 187, Brussels No. 3 and GATT No. 4).

OEEC approved the interim arrangements for settlement of Bleu's surplus in EPU to December 31st. The managing board was instructed to submit as soon as possible proposals for the settlement of any surplus after December 31st.

2. We stated that while we hoped a satisfactory solution would be obtained, nevertheless we regretted that the settlement was based upon certain assumptions outlined in the managing board's report with which we had to take strong exception. The report pleaded in several places with member countries to avoid "any derogation from the principle of liberalisation" but suggested firm and resolute action by Belgium to restrict dollar imports in order to permit increased imports from its EPU partners. We stated that Canadian exporters and the Canadian Government were greatly concerned at the effects of those measures already taken by Belgium, that in our opinion their imposition should have required prior consultation with GATT, and that the Canadian Government would be consulting with Belgium on this matter. We indicated that our statement was for the record as we were concerned at this feature of the overall plan which had received the approval of the managing board.

3. In discussion with the Belgian delegation before we made our statement, they indicated that they had no objections to the statement and said that ECA had forced them to impose dollar restrictions. The ECA representative was unhappy about our proposed intervention but denied that they had suggested the dollar restrictions to Belgium, or had approved them.

4. Three replies were made to our statement. The United Kingdom representative declared that Belgium had been obliged to institute these measures in order to protect her reserves of dollars. He made no mention of managing board's report. The United States representative confined himself to stating that all countries had the problem of commitments in different international organizations and that these

[11] Voir le document 819./See Document 819.

problems would have to be considered in the organizations concerned. The Belgian declared that they intended to respect the spirit and letter of their international obligations and if conflicts arose they would have to be resolved.

887.

PCO/Vol. 194

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy

SECRET

[Ottawa], November 12, 1951

Present:

Mr. N.A. Robertson, Secretary to the Cabinet (Chairman)
Dr. W.C. Clark, Deputy Minister of Finance
Mr. H.B. McKinnon, Chairman of the Tariff Board
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada
Mr. M.W. Sharp, Associate Deputy Minister of Trade and Commerce
Mr. L.W. Pearsall, Department of Agriculture
Mr. G.B. Urquhart, Department of National Revenue
Mr. A.G.S. Griffin, Department of External Affairs
Mr. R.G. Robertson, Privy Council Office (Secretary)

Also Present:

Mr. L. Rasminsky, Bank of Canada
Mr. J.J. Deutsch, Department of Finance
Mr. C.M. Isbister, Department of Trade and Commerce
Dr. A.E. Richards, Department of Agriculture
Miss M. Meagher, Department of External Affairs
Mr. S.S. Reisman, Department of Finance

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II. BELGIAN IMPORT RESTRICTIONS; DISCUSSION AT G.A.T.T.; POSSIBLE ACTION

3. *Mr. Isbister* said that, on the basis of instructions from Ottawa, vigorous representations had been made to the Belgian delegation about the import restrictions that had been introduced. It had been argued that Belgium was not in balance of payments difficulties and that the dollar-saving measures were not necessary to meet the difficulties that E.P.U. was experiencing. It had been pointed out that the problem was not one of a drain of dollars out of the E.P.U. but of an imbalance among participants in E.P.U. In the end, the Belgians admitted that they were not in balance of payments difficulties themselves nor were their reserves threatened. These were the only conditions that would justify import restrictions under G.A.T.T. However, the Belgian position was that the measures were exchange restrictions allowable under Article XV(9) which provided that nothing in the Agreement should preclude the use by a Contracting Party of exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund. Question then arose as to whether an enquiry should be directed from G.A.T.T. to the Fund as to the justification of the measures. None were, in fact sent, because it was doubted whether that was an appropriate way to proceed.

There appeared to be three courses open if further action was to be taken: to raise the question in the Fund; to pursue the matter in G.A.T.T.; or to discuss the question directly with Belgium through diplomatic channels. So far as action in the Fund was concerned, it would be important to know the U.S. position first. Under G.A.T.T. a complaint could be laid on the basis of nullification and impairment and, if supported, retaliatory action might be approved. It was doubtful, however, whether such action would get rid of the Belgian restrictions.

Copies of the Canadian statement and a summary of discussion on the Belgian restrictions at the meeting of G.A.T.T. had been circulated.

(ICETP Document No. 98)†

4. *Mr. Rasminsky* said that there were several difficulties to be considered in relation to any possible action in the Fund. If the matter was brought under discussion there it would get bound up in a maze of technicalities. The first question would be whether the measures were exchange restrictions or import restrictions. Belgium took the former position but the United Kingdom had previously argued that restrictions of this character were import restrictions in order to keep them out of the Fund. Assuming that the measures were ruled to be exchange restrictions, the next question would be whether they were justified. Article XIV of the Fund allowed the continuation of restrictions in effect at the time the Fund agreement was entered into. Such restrictions could be adapted to changing circumstances and, in the case of countries that had suffered enemy occupation, new restrictions could be introduced. It seemed apparent from the Article and its background that Belgium would have a good opening case under Article XIV.

So far as the Canadian position was concerned, our action in 1947, when special exchange conservation measures had been required, would be an embarrassment. We had been prepared to argue at that time, although the record made no mention of the point having been brought up in the formal discussions, that our restrictions were justifiable under Article XIV.

Altogether it was not clear that a favourable decision would be gained in the Fund. If it was gained, it would be a narrow thing and it would be supported by a minority of the executive directors. It seemed probable that the executive directors of the United States (with 35% of votes), Nationalist China and Yugoslavia would be on the side we favoured. On the other side, there might well be the United Kingdom, the rest of the sterling area, all western European countries and probably the Latin American countries. It would not be an impressive demonstration. Finally it was not certain that we would gain much by the decision. There would be no automatic consequences apart from the formal loss of access by Belgium to Fund resources.

4. *The Chairman* said he thought the position as expounded by Mr. Rasminsky was an almost conclusive argument against action in the Fund.

5. *The Deputy Minister of Finance* said he thought there was much to be said for deferring action. The recently announced measures in the United Kingdom would affect the position and it was possible that France might find it necessary to take new steps. He enquired whether there was any evidence that Belgium was moving to give up its liberal attitude in trade generally.

6. *Mr. Isbister* said that they had formed a strong opinion to the contrary at Geneva. It appeared that the Belgian action had been taken in response to pressure from other countries of E.P.U. It was possible that the Belgians would welcome a decision that their measures were not justified either under G.A.T.T. or the Fund. It had to be recognized that Belgium was vulnerable to restrictions that might be imposed by the United Kingdom, France and other E.P.U. countries. To a large extent it seemed to be a matter of affording protection to other E.P.U. exporters. Belgium was a market where the United Kingdom and other countries were meeting dollar competition.

7. *Mr. Reisman* said that it was doubtful whether the restrictions thus far introduced represented the full measure of action that might be taken by Belgium if outside pressure continued. A threat to take action in the Fund might move the United Kingdom to take its pressure off. The sterling area position in Fund discussion might not be entirely consistent in view of previous positions to the effect that measures of the Belgian variety were not exchange but trade restrictions. Debate in the Fund might be embarrassing to them.

8. *Mr. Deutsch* expressed the view that the best approach might be to communicate with the Belgian government, preferably in association with the United States, as a first step under the terms of Article XXIII of G.A.T.T. This could be done without any commitment to take retaliation and with reservation of all rights under the Agreement and the Fund. Such an approach might produce results. If not, it would at least give some further time.

The Belgian measures were simply one small symptom of a general inflationary problem in Europe. For that reason, it seemed somewhat out of proportion to concentrate too much attention on them specifically. The overall external positions of the United Kingdom and France were out of balance. It was not simply one particular corner that was disjointed.

9. *Mr. Rasminsky* said that as far as E.P.U. was concerned, the immediate difficulty was that the large quota holders, the United Kingdom and France, had moved out of their surplus position and were going into the first and second tranches of the deficit position. The surplus was being concentrated on Belgium and E.P.U. was being run out of dollars and gold.

10. *Mr. Isbister* said he thought that we would now see quite a strong effort toward a more watertight European protective system. The United Kingdom had given a strong impulse with its new measures. All E.P.U. countries would be faced with severe cuts in their exports to the United Kingdom and there might be a rapid crystallization of protectionist sympathy.

11. *The Committee*, after considerable discussion, agreed that a note be drafted and discussed with the U.S. authorities with a view to possible concurrent representations to the Belgian government, under Article XXIII of G.A.T.T., that injury had been caused by recent Belgian restrictions and seeking their removal.

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888. DEA/4901-Q-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique
Secretary of State for External Affairs to Ambassador in Belgium

TELEGRAM AIR-9 Ottawa, December 12, 1951

CONFIDENTIAL

BELGIAN RESTRICTIONS AGAINST DOLLAR IMPORTS

At an Interdepartmental Committee meeting on December 4 it was agreed that you be instructed to present to the Belgian Government a note of protest against the recent imposition of restrictions against imports from dollar countries.

2. As the United States Government was intending to deliver a similar note, it seemed advisable to achieve some degree of co-ordination in the timing of the presentation of our respective notes. We informed Washington that we were anxious to get our note in first, and the officials concerned with this issue in the State Department had no objection to this procedural arrangement provided too long an interval were not allowed to elapse between the presentation of the two notes.

3. As soon as we hear from Washington regarding date when the United States Government proposes to hand its note to the Belgians, we shall send you final instructions as to the time of presentation. In the meantime, we are transmitting to you the text of the proposed note by air. A follow-up cable instructing you to proceed with the presentation of the note will suffice.

4. Following is text of note: Text begins:

(1) Excellency,

I have the honour to refer to the close and friendly commercial relations that have always existed between the Governments of Canada and Belgium. In this regard I have been instructed by my Government to make representations to the Belgian Government concerning certain restrictions recently imposed in Belgium on imports from dollar countries.

(2) At the Sixth Session of the Contracting Parties to the General Agreement on Tariffs and Trade, which was held recently in Geneva, it was made clear that the Canadian Government takes a serious view of these restrictive measures. In the interval which has elapsed since that conference, the Canadian Government has given this matter further consideration. It has not been able to find grounds for modifying its position and notes with regret that the Belgian Government has not yet found it possible to remove the restrictions. These measures continue to be the subject of numerous complaints from Canadian industry and trade, and it is increasingly difficult to provide a reasonable or convincing explanation of their retention in the light of the international agreements to which both Governments are parties.

(3) The Government of Canada has taken a sympathetic and constructive interest in the reconstruction, integration and defence of Western Europe since the end of

the war. This constructive interest has taken the form of substantial credits to promote post-war recovery and, more recently, of direct assistance to the common defence effort. The Canadian Government recognizes that Belgium is confronted at present with real and pressing difficulties arising out of its heavy surplus position with the European Payments Union but continues to believe that dollar import restrictions are neither a necessary nor an effective feature of any constructive programme to meet the underlying difficulties.

(4) The Canadian Government is concerned over the impact which the Belgian restrictions may have on the broad international programme to establish a viable system of multilateral trade and payments. The Belgian Government has been in the lead amongst the countries pressing for the elimination of barriers to world trade and the Government of Canada was gratified to receive assurances in Geneva that there were no grounds for assuming that the Government of Belgium had altered the fundamentals of its commercial policy.

(5) The Belgian import restrictions are certain to have an adverse influence on the development of the General Agreement and the International Monetary Fund as effective instruments for the liberalization of world trade and payments. It was with the utmost reluctance that the Canadian Government felt compelled to question these import restrictions under the General Agreement. It is hoped that their speedy removal will make it unnecessary for the matter to be pursued further under the General Agreement or in the International Monetary Fund.

(6) The Canadian Government is anxious to see the further development of satisfactory trade relations between Belgium and Canada within the framework of world trade liberalization for which both countries have been striving. To this end, it is hoped that the Belgian Government will see its way clear to remove the present import restrictions against dollar goods without delay. The Canadian Government firmly believes that such action would be in the interests of both countries and would also serve to strengthen international economic co-operation.

I have the honour to be. Text ends.[12]

[12] Des instructions demandant que ce texte soit livré ont été envoyées à Bruxelles le 15 décembre 1951. Voir le télégramme du secrétaire d'État aux Affaires extérieures à l'ambassadeur en Belgique, N° 169, 15 décembre 1951, DEA/4901-Q-40.
Instructions to deliver this text were sent to Brussels on December 15, 1951. See Secretary of State for External Affairs to Ambassador in Belgium, Telegram No. 169, December 15, 1951, DEA/4901-Q-40.

889. DEA/4901-Q-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 193 Brussels, December 21, 1951

CONFIDENTIAL

Reference: My telegram No. 192 of December 19.†

BELGIAN IMPORT RESTRICTIONS

1. On receiving note yesterday, Minister of External Commerce said Belgium had been reluctant to impose restrictions;

(a) because of the cordial relations which had always (remained ?) intimate between our two countries and Belgium owed so much to Canada and

(b) because such action was directly contrary to the Belgian policy of free and unrestricted enterprise.

2. But the National Bank had task of defending the franc and the Belgian public always had had long and bitter experience of inflation. A government which tolerated a threat to the purchasing power of the national currency would be swept from office within twenty-four hours.

3. Their excess credit was now in neighbourhood of 18 milliards and was increasing at a rate of 8 milliards a quarter. Drastic action was imperative. The wrecking of Belgian economy would be an ill wind that would do no one any good. Actually the position had passed beyond the capacity allowed the bank and the Treasury was now unconstitutionally carrying the load not only for Belgium but for Luxembourg as well.

4. The government had staked its life on the Schuman Plan and would do likewise with regard to the European Army but as regards to the danger of inflation they could only cry now possumus.

5. He undertook to have the note carefully studied and reply made in due course. His earnest sincerity was beyond any shadow of doubt.

SECTION B

FRANCE

SUBDIVISION I/SUB-SECTION I

VISITE DU PREMIER MINISTRE PLEVEN
VISIT OF PRIME MINISTER PLEVEN

890.

L.S.L./Vol. 234

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

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET

[Ottawa], February 6, 1951

I am attaching a copy of a note which I dictated yesterday on the conversations with M. Pleven which took place in your office last Saturday morning.

It is, I realize, incomplete but I hope it is not inaccurate.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Rapport des conversations avec Monsieur Pleven

Record of Conversations with Monsieur Pleven

SECRET

On Saturday morning, February 3, the Prime Minister received M. Pleven. Mr. St. Laurent had with him Mr. Howe, Mr. Claxton and Mr. Pearson (who was accompanied by the Under-Secretary). M. Pleven was accompanied by the French Secretary-General and the French Ambassador.

2. The conversation which ensued was informal and exceedingly friendly. After expressing once more his pleasure at being in Ottawa and remarking, as he had done the previous evening at the Government dinner, upon the remarkable extent to which French and Canadian views coincided on the most important world problems, the French Premier raised the following particular subjects:

The Threat of Inflation

3. In M. Pleven's opinion, the greatest single danger presently threatening Europe was that of rising prices. This was a threat at least comparable to that represented by Soviet military forces in the East; indeed it was part of the communist danger, perhaps the "secret weapon" which we had most to fear and which communist machinations would do their utmost to exploit.

4. France, after an exceedingly difficult post-war period and, with the help of the Marshall Plan, had, before Korea, succeeded in creating a situation of stability.

Prices and wages had been settled into a reasonably satisfactory relationship and at a tolerable level. The same had been true of Western Europe generally. They had regained their feet and, had it not been for the events of the past few months, recovery was well on its way to being accomplished.

5. With the United Nations defeat in Korea and the consequent acceleration of defence preparations of all kinds, the recovery of the civilian economy was threatened by a situation in which essential raw materials were in short supply; prices were skyrocketing as a result and, unless drastic action were taken (and such action could only be by international means, i.e. by international allocations) the rearmament programme itself would fail of accomplishment and the communist parties within Western Europe would be presented with opportunities for subversion and dislocation which might well result in the frustration of North Atlantic plans for the defence of the West.

6. M. Pleven gave the greatest emphasis to his observations on this question and argued that, for suppliers as well as consumers, international control and allocation of the essential raw materials in short supply was the only possible solution. He urged the Canadian Ministers to support this point of view in international discussions.

7. Mr. Howe expressed general agreement with the necessity for establishing international allocations for essential materials. There were obviously, however, serious difficulties in the way of a workable system. The Prime Minister remarked that, domestically, we were hoping to avoid the imposition of wide-spread controls over the economy, at least until we had seen how the United States fared in their efforts. We were naturally affected directly by what was done in that country.

North Atlantic Treaty Organization

8. Mr. Claxton enquired of M. Pleven what the French attitude was toward *the relations of Spain, Greece and Turkey with NATO.*

9. In reply, M. Pleven said that so far as Greece and Turkey were concerned, the present association of these countries with NATO in military planning seemed to be satisfactory; French military authorities felt that there was no need to improve upon them for the present; joint planning at the military level was going forward quite adequately.

10. With respect to Spain, M. Pleven hoped that France would not be faced in the near future by an open proposal for that country's inclusion in the alliance. Such a proposition at this time would cause serious division within France because of the extreme views held by the enemies and friends of Franco. If the move to include Spain were deferred until after the French general election, and if it were preceded by proper diplomatic preparation, the situation would be different. But to introduce the subject openly and at once (as the U.S. proposals for West German rearmament had been introduced in September) would cause most serious division within France and would present the French communists with a powerful weapon which they could use effectively and would use ruthlessly against French association with NATO itself.

11. Mr. St. Laurent remarked that apart from a few extremists on both sides, the subject of Spain's relationship with NATO was not of serious political importance in Canada. If given time it was likely that the Canadian people would accept Spanish adherence to the alliance without very much serious criticism.

12. M. Pleven added that in present circumstances Spanish divisions in any event would be a somewhat doubtful asset; in due course, no doubt, but not now.

13. M. Pleven was asked what he thought of the suggestion that *NATO headquarters* should be concentrated in Paris, and in particular whether he felt that the Council of Deputies and the new Defence Production Board should be moved from London; was this of importance from the French point of view? M. Pleven replied that the French Government, while not pressing for these moves, did feel that it would be advantageous, politically and practically, to have NATO concentrated on the continent of Europe, i.e. in Paris. What was the Canadian attitude?

14. Mr. Pearson and Mr. Heeney replied that, while the Government had not yet reached any firm decision, we were impressed by the political advantage of a French headquarters and a concentration of all NATO activities (other than those of the Standing Group and the Military Representatives Committee which had to be in Washington).

15. M. Pleven and M. Parodi both said that they would be able to provide the physical facilities if it were decided to locate the Deputies and the Defence Production Board in Paris. They added that it would be an advantage, they thought, for these bodies to be near SHAPE.

French Electoral Reform

16. M. Pleven said that as soon as he got back to Paris he would be engaged in a political struggle which might mean the fall of his Government. The subject was that of electoral reform. He was determined to fight this issue through before the general election, and through to a conclusion. The present system presented the communists with great advantages and inevitably led to the dividing of the anti-communist vote. For this reason he would brook no delay in dealing with the issue; it would have to be settled *before* an appeal to the people.

Other Matters

17. A number of other subjects were touched upon including Korea and the United Nations, the situation in the Far East, specifically Indo-China, and the prospects for increased Franco-Canadian trade. In reference to the last, M. Pleven enquired about a meeting of the Franco-Canadian Committee. Mr. St. Laurent said that he understood that a meeting had been fixed for May.

18. On these subjects nothing much, however, was added to what we already knew of the French attitude. M. Pleven's account of his conversations with President Truman tallied with that which we had had from our Embassy in Washington but without as much detail.

19. M. Pleven realized that the cost of maintaining North American forces in Europe was greater than the cost of maintaining troops from Western European countries. Nevertheless, he was glad to know from the Prime Minister and Mr. Claxton that the Canadian Government expected to have Canadian forces serve

with the NATO integrated forces in Europe. He was glad to know too that Canada would be represented by an observer at the meeting to be held in Paris on February 15 to work out arrangements for a European army. To this meeting the French Government attached great importance.

SUBDIVISION II/SUB-SECTION II

COMITÉ ÉCONOMIQUE CANADA-FRANCE
CANADA-FRANCE ECONOMIC COMMITTEE

891. DEA/50121-B-40

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

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 200 Ottawa, June 1, 1951

RESTRICTED. IMPORTANT.

CANADA-FRANCE TRADE TALKS

1. These talks ended yesterday afternoon (Thursday) after five very satisfactory meetings. Minutes† will be sent to you as soon as completed. A press statement was agreed upon for release here 10:00 p.m. tonight and in France for Saturday morning papers. The text in France will differ slightly. The Canadian text is as follows. Text begins:

The Secretary of State for External Affairs announced today the successful conclusion of the three-day meetings of Canadian and French delegations on trade and financial matters.

The delegations reviewed together the recent trends of trade and balances of payments between the two countries and noted with satisfaction that a better balance was developing in the trade situation especially as a result of recent increases in French exports to Canada. The possibilities of increasing normal trade in both directions were explored, and the French delegation explained that they were making special efforts to meet Canadian import requirements by means of trade missions, market surveys, and other means.

Special attention was paid to the satisfactory trade agreement recently reached between the two countries during the recent multilateral tariff negotiations at Torquay, and there was a preliminary exchange of views as to the possibility, at some appropriate time in the future, of further tariff negotiations between the two countries.

In connection with the general aim of increased trade between the two countries, which is facilitated by tariff reductions, the Canadian delegation noted with pleasure that, only last week, the French Government had been able to relax its restrictions against imports from Canada by allowing their own exporters to dollar areas

to use a substantially greater part of their dollar earnings for purchases from those areas.

A suggestion was put forward, and welcomed by both sides, that trade might be further encouraged by a group to be formed by leading French and Canadian exporters. This possibility is being explored immediately.

There was detailed discussion of the possibilities of further trade in scarce commodities. The French delegation were anxious to obtain larger supplies of base metals and forest products from Canada especially pulp and paper. Similarly the Canadian side explored the possibility of obtaining more steel and other products from France and French overseas territories.[13]

Discussions were held which are expected to facilitate the release of those French assets which still remain vested in the Canadian Custodian.

The conversations took place in a most cordial atmosphere. The following officials took part. The delegation from France was led by Mr. Pierre Charpentier, Director-General of Economic Affairs, Ministry of Foreign Affairs. It also included Mr. Gibert, Director of the Ministry of Economic Affairs, Mr. Bizard, Inspector of Finance, Mr. Plandin, Ministry of Economic Affairs, Mr. Bulteau, Ministry of Industry and Commerce, and Mr. Dauge, Ministry of Foreign Affairs. The Canadian delegation was led by Mr. W.F. Bull, Deputy Minister of Trade & Commerce, assisted by Mr. Denis Harvey and Mr. C.M. Isbister of the same Department. It also included Mr. John Deutsch, Director, International Economic Relations Division, Department of Finance, and Mr. A.F.W. Plumptre, Head of the Economic Division, Department of External Affairs.

Further discussions will take place as required to continue and extend the useful work already done. Text Ends.

892.

DEA/9245-G-40

Le chef de la Direction économique
au directeur de la Direction générale des Relations commerciales internationales du ministère du Commerce

Head, Economic Division,
to Director, International Trade Relations Branch,
Department of Trade and Commerce

CONFIDENTIAL

Ottawa, June 7, 1951

Dear Claude [Isbister]:

CANADA-FRANCE TRADE TALKS

I was talking to Laboulaye yesterday about these talks. He thought that they had been very useful but perhaps had left behind them less in the way of tangible

[13] Voir le document 325./See Document 325.

results and specific guidance for officials than they might have done. After talking the matter over with him I am inclined to agree, at any rate on one point.

2. You will remember that, at your suggestion, a week or so before the meetings I discouraged him from expecting from our side any particular list of commodities in which Canada had a special interest. This in turn led him to discourage his own side from putting forward specific lists of proposed exports (and imports?) together with target quantities for the coming year. It was, I think, agreed in the final meeting that some such lists might be exchanged subsequently.

3. Laboulaye's point was this. The French side are by now perfectly aware that they are not undertaking bilateral negotiations with us on a "trade and payments" basis. There would, therefore, have been no real danger in putting into the meeting lists of commodities with target amounts attached to them. Further, the introduction of such material into the meetings would have had two very specific advantages. In the first place they would have made the discussion considerably more pointed. In the second place, and more important, the French officials at any rate would have gone home with target amounts of scarce materials and other exports for Canada in mind. These would have been kept in mind during the course of subsequent "trade and payments" negotiations with other countries; a certain quantity of supplies would have been more or less "reserved" for Canada in the minds of French officials.

4. I think we might keep these matters in mind when approaching the next lot of trade talks with the French. (I am sending copies of this letter to Denis Harvey and John Deutsch).

Yours sincerely,
A.F.W. PLUMPTRE

SUBDIVISION III/SUB-SECTION III

AIDE MILITAIRE
MILITARY RELIEF

PCO

893.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 28, 1951

. . .

FRANCE; MILITARY RELIEF CLAIM

15. *The Minister of Finance* said that two inter-governmental financial claims arising out of the war were outstanding between Canada and France. One was our claim on the government of France in respect of military relief totalling $13.4 million (U.S.). The other was the claim by the government of France totalling $1.15 million (Canadian) in respect of French vessels requisitioned by the Canadian gov-

ernment during the war. A settlement of these claims had been negotiated on the basis that the French claim would be offset against the Canadian military relief claim. Taking into account the long-term effects of the war on the French economy and various other factors, it had finally been agreed that the French government would deposit $7.5 million (U.S.) in French francs to the credit of the Canadian government from time to time as requested. Drawings on the franc account would be at the rate of $500,000 (U.S.) every six months to be used for a variety of purposes within France, such as Canadian government current expenditures in that country, the purchase or improvement of property for diplomatic and consular establishments, the purchase of furniture and furnishings in France for Canadian government establishments in France and elsewhere, any educational or cultural programmes which Canada might undertake in France, etc.

A settlement along these lines seemed satisfactory and was comparable to settlements negotiated with France by the United Kingdom and United States.

16. *The Cabinet*, after discussion, approved a settlement of the Canadian military relief claim against France and the French claim against Canada in respect of French vessels requisitioned during the war along the lines recommended by the Minister of Finance.[14]

...

SECTION C

RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE : FIN DE L'ÉTAT DE GUERRE

FEDERAL REPUBLIC OF GERMANY: TERMINATION OF THE STATE OF WAR

894. 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. 184-51 [Ottawa], June 25, 1951

SECRET

TERMINATION OF THE STATE OF WAR WITH GERMANY

At its meeting of September 30, 1950, the Cabinet agreed to an announcement that the Canadian Government proposed to terminate the state of war with Ger-

[14] Voir Canada, *Recueil des traités*, 1951, N°. 17./See Canada, *Treaty Series*, 1951, No. 17.

many as soon as it was in a position to do so. This announcement was made in the form of a press release on October 26, 1950.

2. The United Kingdom, the United States and France have proposed that action by various Allied countries to terminate the state of war should be taken at about the same time. The action to be taken by these powers has been deferred pending the enactment of legislation by the German Federal Republic to terminate the state of war in German law and thereby remove any disabilities to which Allied nationals may be subject in that country as a consequence of the state of war. The German legislation has now been enacted.

3. It is expected that the United Kingdom will take formal action to terminate the state of war early in the week of July 9, that the United States will, at about the same time, take the preliminary steps for Congressional action, and that the French Government will issue a decree on or about July 15. It will be proposed to other Allied Governments who have not already declared the termination of the state of war, to take simultaneous action. The Governments which have already declared termination of the state of war are Pakistan and India.

4. The Department of Justice has advised that the legal state of war with Germany may be terminated through exercise of the Royal Prerogative to declare war or peace by means of a Proclamation authorized by an Order-in-Council.

5. The Department of Justice further advises that from the point of view of Canadian municipal law there would appear to be no objection to terminating the state of war and it would not appear that the termination of the state of war will affect the operation of any federal statutes. The Department of Justice comments that termination of the state of war with Germany may have an effect on some outstanding contracts or under Provincial law. It can be presumed in respect of the last mentioned observation that the results would be those that are intended to occur when the state of war is, in fact, terminated. Insofar as pre-war German debts are concerned the German Government has given an undertaking to negotiate.

6. The termination of the state of war will not affect the legislation upon which the Custodian relies for the control of German assets and will not prejudice the position in respect of any claims for reparations or other claims against Germany arising out of the war.

7. The termination of the state of war will leave open the question of the revival of former treaties with Germany. The views of all Departments of Government in respect of treaties with Germany with which they are concerned are being sought. The extent to which particular treaties shall be revived or shall be regarded as terminated, will then be agreed in negotiation with the Federal Republic of Germany.

8. It is proposed that concurrently with the formal Proclamation of the termination of the state of war, a public statement will be made to the effect that the termination of the state of war will leave open the settlement of all outstanding questions with Germany arising out of the war which may be determined in a treaty of peace or by other agreements, with particular reference to reparations and the retention of German assets. This announcement will also make clear that the termination of the state of war does not affect in any way the Allied agreements and declarations

regarding control machinery for Germany which have been made since the surrender of the German Reich.

9. All Departments of Government have been consulted and the reservations which it is proposed should be made as to the effect of the announcements are in accord with the recommendations received.

10. As soon as the state of war has been formally terminated, it is proposed that Canada should establish direct diplomatic relations with the Federal Republic of Germany. It is proposed that the Head of the Canadian Mission in Bonn, The Honourable T.C. Davis, K.C., now accredited to the Allied High Commission, should then be accredited as Canadian Ambassador to the Federal Republic of Germany.

11. I recommend that approval should now be given to termination of the state of war with Germany, the publication of a Proclamation to be made concurrently with the action to be taken by the other Allied Governments. If Cabinet agrees, submission to Council will be made accordingly for the issue of a Proclamation.[15]

BROOKE CLAXTON

SECTION D

ITALIE
ITALY

SUBDIVISION I/SUB-SECTION I

SECOURS D'URGENCE
EMERGENCY RELIEF

895.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 22, 1951

PO VALLEY FLOODS; POSSIBLE CANADIAN RELIEF MEASURES

11. *The Prime Minister* said that the Secretary of State for External Affairs had enquired from Paris whether any Canadian relief could be provided for victims of the Po Valley floods. Mr. Pearson was particularly concerned because he would be

[15] Approuvé par le Cabinet le 27 juin 1951. La proclamation a été publiée le 10 juillet 1951. Voir *Gazette du Canada*, le 14 juillet 1951, volume 85, p. 1927.
Approved by Cabinet, June 27, 1951. Proclamation issued on July 10, 1951. See *Canada Gazette*, July 14, 1951, Volume 85, p. 1903.

presiding at the meeting of the North Atlantic Council beginning in Rome on November 24th, 1951.[16]

It appeared that the Manitoba and British Columbia flood relief funds were not fully committed and that some measure of assistance might be provided from these sources. The Minister of Justice was taking up the matter with the Premier of Manitoba and an approach would be made to those concerned in British Columbia. It might be difficult for the government to make a direct contribution in this case since this might create a precedent which would make it difficult to resist future similar requests, particularly if they originated in one of the NATO countries. Should it become necessary for the government to consider providing assistance in the present case, any contribution would probably have to be made indirectly through some such organization as the Canadian Red Cross. There might, of course, be cases of disasters abroad — such as the present widespread starvation in Northern Greece — which were beyond the means of the country concerned to relieve and where direct contributions might be necessary. The present disaster, however, did not appear to come within this category.

12. *The Cabinet*, after discussion, noted the report of the Prime Minister on the question of the provision of Canadian relief for victims of the Po Valley floods, and agreed that the Secretary of State for External Affairs be informed that:

(a) while it was not felt that the government would be able to make a direct contribution in this case, possibilities of indirect assistance were being investigated;

(b) at the same time, should one of the United Nations or North Atlantic Treaty bodies presently meeting in Europe recommend an international scheme for relief in Northern Italy, the government would be prepared to give it consideration.

. . .

896. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 27, 1951

. . .

PO VALLEY DISASTER; CANADIAN ASSISTANCE

1. *The Prime Minister*, referring to discussion at the meeting of November 22nd, 1951, said he was informed that the Canadian Red Cross Society had appropriated approximately $15,000 for the purpose of providing blankets, woollen underwear, shoes, powdered milk and medicine to residents of the Po Valley disaster area. The Society had asked whether the Canadian government would be prepared to assist in transporting this material to the scene of the disaster. It had been ascertained that the R.C.A.F. could make available two North Star aircraft to transport the Red

[16] Voir le document 512/See Document 512.

Cross gifts to a European airport and that Supreme Headquarters Allied Powers in Europe would take care of onward transportation to the flooded area.

(External Affairs memorandum to Cabinet, Nov. 27, 1951)†

2. *The Cabinet*, after discussion, agreed that two R.C.A.F. North Star aircraft be placed immediately at the disposal of the Canadian Red Cross Society for the purpose of transporting certain food, clothing and medicine to Europe for the relief of residents of the Po Valley disaster area; this decision to be announced in the House of Commons that afternoon by the Prime Minister.[17]

...

SUBDIVISION II/SUB-SECTION II

RÉVISION DU TRAITÉ DE PAIX AVEC L'ITALIE
REVISION OF THE ITALIAN PEACE TREATY

897.

DEA/50178-40

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

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

[Ottawa], September 12, 1951

REVISION OF THE ITALIAN PEACE TREATY

Italian pressure for revision of the Peace Treaty has been mounting steadily ever since Italy ranged herself along side the Western powers as a signatory of the North Atlantic Treaty. The impending conclusion of a Peace Treaty with Japan has revived the issue in an acute form. Italian sensibilities appear to have been offended by the failure of the United States to invite them to the Conference at San Francisco, despite the fact that Italy formally declared war on Japan in the closing days of hostilities. More important, however, is that fact that the substance of the proposed Japanese Treaty is much more favourable to the vanquished enemy than the existing treaty with Italy, particularly in that it contains no restrictive clauses such as those on limitation of armaments, or any provision for reparations. The situation has not been improved by the publication on the part of the Japanese Government of an official paper on August 3 drawing an invidious comparison between the two treaties.

2. With regard to Italian participation at San Francisco, the United States, with the concurrence of the United Kingdom, took the attitude that it would be inappropriate for an ex-enemy country to sign a multilateral treaty with Japan. Both Governments have however agreed to use their good offices to bring about a separate

[17] Voir Canada, Chambre des Communes, *Débats*, 1951 2ième session, volume II, p. 1419.
See Canada, House of Commons, *Debates*, 1951, 2nd Session, Volume II, p. 1351.

and mutually satisfactory settlement between Italy and Japan, and the Italian Government has apparently agreed to this procedure. The underlying motive on the part of the United States and the United Kingdom in adopting this position is probably the desire to avoid giving the Italians an even better propaganda point than they now have in favour of revision of the Italian Treaty, if they were to be associated on an equal basis with the other victorious powers in a more liberal settlement with Japan than the one to which they themselves are subject.

3. Reports from Rome indicate that the new Italian Cabinet will make revision of the Treaty a cornerstone of its foreign policy. Premier de Gasperi stated in the Italian Senate on July 31 that "the intrinsic logic both of the Atlantic Alliance and of international collaboration should lead to the scrapping of a Treaty which was conceived and imposed as a sanction of war".

The Case for Revision

4. Exploiting to the full the favourable situation created by the negotiations for a Japanese Peace Treaty, the Italian Government in mid-July, made formal approaches to the governments of the United Kingdom, United States and France with a view to the revision of the Italian Peace Treaty. The Italian memoranda to the governments concerned argued that the Treaty had been rendered obsolete by political events. The clauses on Trieste, as the three Western powers stated in their declaration of March 20, 1948, cannot be enforced, and the admission of Italy to the United Nations specifically envisaged in the Treaty cannot be realized because of the Soviet veto. Italy has taken her share of responsibility for the defence of the peace-loving nations, and the restrictions on her armed forces are inconsistent with her position as a member of the North Atlantic Treaty. The Italian memoranda pointed out that the projected treaty between the Western powers and Japan has been conceived in an entirely different spirit from that of the Italian Peace Treaty, a circumstance which, in the opinion of the Italian Government, makes the Italian Peace Treaty even more obsolete and its revision a matter of even greater urgency. The Italian démarche concluded by asking for an international initiative to render the clauses of the Italian Peace Treaty consistent with present political realities.

Obstacles to Revision

5. The Italian Government's desire to have the stigma of the Treaty removed is understandable and would appear justified on broad political grounds. It merits careful consideration if for no other reason than to enable Italy to play her full part in NATO. The Italian position will become even more anomalous if, in the near future, a settlement is worked out between the Western Powers and the Federal German Republic on terms more favourable than those of the Italian Peace Treaty.

6. On the other hand, from a strictly Canadian point of view, any proposal for the revising or scrapping of the Treaty would have to be weighed against its effect on the outstanding question of the disposition of Italian assets in Canada and the settlement of Canadian war claims, if this problem (now nearing a solution) has not been resolved. There are, in addition, certain obstacles to revision which cannot be disregarded:

(1) Any substantial revision of the military clauses of the Italian Treaty would tend to undermine the position of the Western powers in challenging known infringements by the Balkan satellites of their respective peace treaties.

(2) Formal revision of the Treaty, requiring the concurrence of all the signatory powers, is most unlikely to be achieved since it would require Soviet consent. Any steps taken by the Western powers to modify the terms of the treaty would presumably have to be confined to unilateral declarations of intent.

(3) Revision of the Peace Treaty would revive the question of the final disposition of Trieste and would present special difficulties. By the terms of the Italian Peace Treaty the Free Territory of Trieste was to be created and its integrity and independence entrusted to the Security Council. Pending the appointment of a Governor acceptable to both the Soviet Union and the Western powers, the Permanent Statute for the Free Territory was to remain in abeyance, and the area thus continued under military occupation by the forces of the United Kingdom and United States (Zone A, including the City of Trieste) and Yugoslavia (Zone B). When repeated attempts to reach agreement on the appointment of a Governor had failed, the Western powers in a joint declaration of March 20, 1948, proposed to the Soviet Union the return to Italy of the Free Territory. The decision to admit that this section of the Italian Peace Treaty had become unworkable was prompted in part by a Western desire to influence the course of Italian elections which were then imminent. With the subsequent defection of Yugoslavia from the Cominform the March 1948 declaration has become a source of some embarrassment to the Western powers. Any attempt to implement its declared aim would have unfortunate repercussions on the increasingly friendly relations between Yugoslavia and the West; to withdraw the declaration would constitute a serious blow to the prestige of pro-Western elements in Italy. Under strong Italian pressure the declaration was, however, reaffirmed by the three powers in March 1951 but contained in addition a saving statement to the effect that Yugoslavia and Italy should attempt to reach a settlement through bilateral negotiations.

7. Recent information from Belgrade seems to indicate that Yugoslavia might be prepared to settle the Trieste issue on the basis of Zone A going to the Italians and Zone B to the Yugoslavs (with certain free-port facilities in Trieste) providing that outstanding Yugoslav reparations claims against Italy were also settled and that certain minor adjustments on ethnic grounds in the boundary line were made. If these conditions were agreed to by Italy, there are grounds for believing that Yugoslav opposition to revision of the Italian Peace Treaty would be substantially withdrawn. The Italians for their part may be disposed to negotiate a settlement in view of the possibility that the passage of time will tend to consolidate the existing temporary arrangements.

8. Because of the uncertainty concerning the Trieste issue, however, the United Kingdom considers that the Italian request for revision of the Peace Treaty could best be met by a declaration by the United Kingdom, United States and France which would indicate that in their relations with Italy they intend to be guided by the spirit of the Atlantic Alliance and that the three governments recognise in principle that Italy should enjoy the legitimate right of self-defence. To render a decla-

ration of this nature more palatable to Yugoslavia, the United Kingdom has suggested to the United States and France that it should be counter-balanced by some attempt to ensure that a determined effort is simultaneously made by the Italians and Yugoslavs to settle the question of Trieste, and possibly by a declaration by Italy to the effect that once that question has been settled, no territorial issues would remain outstanding between the two countries.

A.D.P. H[EENEY]

898. DEA/50178-40

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

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

TOP SECRET. [Ottawa], September 13, 1951

PROPOSED REVISION OF THE ITALIAN PEACE TREATY

With a view to supplementing the memorandum of August 30[18] on Italian Peace Treaty revision which you took with you to San Francisco, Canada House was asked for any information that might be obtained on the current United Kingdom attitude on this subject. The Department has now received the attached despatch (No. 3748 of September 8, 1951)† enclosing a copy of a Foreign Office brief prepared for Mr. Morrison.

2. The United Kingdom proposal is to deal with the problem in two stages: a tripartite declaration of readiness to consider sympathetically a request for revision from the Italian Government (Annex A) to be followed by bilateral negotiations between Italy and friendly signatories, leading to formal revision.

3. Subsequent to the tripartite declaration and before formal steps are taken for revision of the Treaty, the United Kingdom hopes that Italy and Yugoslavia might patch up their differences over Trieste. This problem is the major obstacle in the way of Yugoslav agreement to revision and the United Kingdom feels that action should be avoided which would embarrass or antagonize Belgrade. The Americans, on the other hand, are apparently not so concerned as to the effect of revision of the Treaty on Tito's internal position. The Yugoslavs now appear ready to negotiate on the question of Trieste and the Italians have agreed to approach Belgrade on the promise that the Trieste elections will be postponed until the end of 1951. (The postponement has now been publicly announced.)

4. While it is not expressly stated in the United Kingdom memorandum, the inference is left that the completion of the second stage of the revision procedure would be dependent upon a satisfactory agreement on Trieste between the Italians and the Yugoslavs.

[18] Cette note est la même que le document précédent.
This memorandum is the same as the preceding document.

5. The United Kingdom memorandum also makes the following points:

(a) The contemplated revision of the Treaty would affect only the military clauses (Articles 46-70) and those of a general political nature (Articles 15-18). Revision would, therefore, appear to have no bearing upon Canadian war claims;

(b) Action for the revision of the Italian Treaty should not be associated with the question of Italian obligations under NATO, since this would fit in with the current Soviet propaganda against the Atlantic Alliance.

(c) There are a number of reasons why the U.S.S.R. might not take any positive action against Italy when formal revision of the Treaty has been negotiated with friendly powers. However, a series of counter moves are suggested in the event that Russia does embark upon a campaign of strong diplomatic pressure. Since the bilateral agreements on revision would be without prejudice to the rights of third parties, it could be claimed that any objections must be dealt with directly between the U.S.S.R. (and other dissentients) and Italy. The tactic then suggested is that the Western Powers counter every legal move that might be made by the Russians under Article 87 (the Disputes Article) of the Italian Treaty, by similar moves against Hungary, Roumania and Bulgaria with respect to violations of their peace treaties. (Annex B.)

6. Should Mr. De Gasperi approach you on the subject of Peace Treaty revision you might consider informing him that while Canada could hardly be expected to take the initiative on this subject, we are in sympathy with the Italian position. If the three powers whom Italy has already approached come forward with reasonable proposals we would certainly consider seriously associating ourselves with them. You might also consider making some reference to the desirability of a mutually satisfactory settlement of the Trieste issue in the near future, particularly in view of the strategic importance of co-operation between Italy and Yugoslavia at the present time.

7. Canada's association with the tripartite declaration of March 20, 1948 favouring the cession of the entire Trieste area to Italy may now be a source of embarrassment. If this subject is raised, it might be pointed out that in practical terms it would be virtually impossible to implement this declaration in the forseeable future, and that any real attempt along these lines would only serve to divide the forces opposed to Soviet imperialism. The best hope — in fact the only genuine solution — would therefore seem to be a negotiated settlement between Italy and Yugoslavia.

8. I am attaching an extra copy of this memorandum and the United Kingdom brief in the event that you feel it would be useful to the Prime Minister in any conversation he may have with Mr. De Gasperi.

ESCOTT REID
for Under-Secretary of State
for External Affairs

899. DEA/50178-40

Note de la Direction européenne pour la réunion des chefs de direction

Memorandum by European Division for Meeting of Heads of Divisions

SECRET [Ottawa], September 17, 1951

PROPOSED REVISION OF THE ITALIAN PEACE TREATY

As was anticipated the proposed revision of the Italian Peace Treaty was considered on September 13th at a meeting of the Foreign Ministers of the United Kingdom, the United States and France in Washington. General agreement was reached that the Italians have a good case for the revision of their Peace Treaty on the grounds that they can scarcely be left in a worse position than Japan is now or Germany will be after the proposed "contractual relationship" is established. The United Kingdom proposed that revision of the Italian Treaty should be approached in two stages: a tripartite declaration (U.S., U.K., France) expressing willingness to consider an Italian request for revision; to be followed by formal revision of the Treaty on the basis of bilateral agreements between Italy and friendly signatories. In the United Kingdom view the Italians should address a note to all signatories following the tripartite declaration and the bilateral agreements entered into with friendly signatories providing for the non-enforcement of certain specified articles should be without prejudice to the rights of third parties.

In accordance with the United Kingdom proposal Italy should attempt to negotiate a settlement of the Trieste issue with Yugoslavia following the tripartite declaration and before formal revision is effected. The United States and France have agreed on the procedure proposed by the United Kingdom although Mr. Acheson attached the condition, which was accepted, that revision of the military and political clauses of the Treaty should not be held up even if there is no concurrent agreement between the Yugoslav and Italian Governments on the question of Trieste.

It is understood that the question of the revision of the Italian Treaty will be the subject of discussion between Messrs. Acheson, Morrison and Schuman and Premier De Gasperi in Ottawa during the current week. (Secret).

900.

DEA/50178-40

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 14, 1951

ITALIAN PEACE TREATY REVISION

You will recall that at your press conference on October 4 you indicated that the Canadian Government was in general agreement with the Tripartite Declaration of September 26 on the Italian Peace Treaty and that any approach from the Italian Government on this question would be given sympathetic consideration.

2. On December 8 the Italian Ambassador delivered the attached Note† to the Acting Under-Secretary proposing that the Government of Canada agree that the spirit reflected by the preamble of the Treaty no longer exists and has been replaced by the spirit of the United Nations Charter; that the political clauses of the Treaty are superfluous; and that the military clauses are not consistent with Italy's position as an equal member of the democratic and freedom-loving family of nations.

3. On December 10 the United Kingdom High Commissioner, the French Ambassador and Mr. Morgan of the United States Embassy called successively on the Department and delivered messages indicating the terms in which each of their governments proposed to reply to the Italian approach. As might be expected, these formulae are similar and simply agree with the operative paragraph of the Italian Note that the spirit of the preamble no longer exists, that the political articles are superfluous and that Italy should be released — as far as each of the governments is concerned — from the restrictive military clauses of the Treaty. One minor difference is that the French apparently do not intend to refer to the military clauses as such but simply to mention the appropriate articles in the Treaty.

4. According to the timetable agreed in Washington in early September by the Three Powers, Italian concurrence in the Note which they (the Italians) were to present was to be secured before the Tripartite Declaration. The Italians were, however, to be free to present the agreed Note as soon after the Tripartite Declaration as they wished. This was to be followed by diplomatic activity to secure, if possible, the support of doubtful signatories such as India, Pakistan, Ethiopia and Greece. It was also hoped that sufficient progress might have been made between the Italians and the Yugoslavs regarding Trieste to secure Yugoslav concurrence to the proposed revision. Some six weeks to two months after the Tripartite Declaration, the *de facto* revision was, according to the plan of the Three Powers, to be completed through a formal exchange of Notes.

5. As it turns out, there would appear to have been considerable delay in securing Italy's agreement on the exact terms of the Italian Note. Further, with the exception of Greece doubtful signatories have not given a public indication of their stand on the question of the revision. An annex† gives the position of the various signatories

as far as is known. The present Italian Note, however, appears to be an improvement in several respects on the tripartite draft as originally planned. It represents a simpler approach, refrains from emphasizing the military aspects of the revision and does not attack the U.S.S.R. by name. In addition, the Three Powers do not now appear to favour a formal exchange of Notes with an Italian Note of acceptance agreeing that the correspondence should constitute a formal modification of the Treaty as far as the signatory in question is concerned. This has the advantage of carrying out a *de facto* revision of the Treaty with a minimum of pseudo-legal trappings.

6. In general, it would seem clear that there is no other course but for us to go along with the *de facto* revision. In the first place, the more liberal Japanese Treaty gives Italy a good moral claim for the removal of permanent discriminations in its Peace Treaty. Secondly, we would be put in a very invidious position vis-à-vis the Italians if we failed to go along with the twelve other "friendly signatories". This is particularly the case in view of our alliance with Italy in NATO, the Ottawa declaration of the NATO Council that all obstacles which hinder the co-operation on an equal footing among members should be removed, and your own indication to the press that an approach from the Italians would be treated sympathetically. Finally, the terms of the proposed exchange of Notes appear innocuous, and the procedure, in the opinion of the Legal Division, is designed to do least possible damage to the doctrine of the sanctity of treaties.

7. Some confusion has arisen over the question of the timing of the reply to the Italians. Although Clutterbuck's recent letter† stated that the three governments expected to make their replies on or about December 14, all signs now point to December 21 as the new suggested date. The recent American Note† indicated that the three governments expected to reply about two weeks after the presentation of the Italian Note (December 8)[19] and the United States Embassy has since been informed that the target date is December 21.[20] Earnscliffe has also now received word from London confirming this in general terms although indicating that there may be still some uncertainty as regards timing because of a possible linking of the question of Italian Peace Treaty revision with the vote in the Security Council regarding the admission of Italy to the United Nations. It is doubtful, however, that this issue will influence the prospective timetable, since the Soviet vote on Italian admission to the United Nations is unlikely to be affected seriously by the exchange of Notes and, in any event, the date of the Security Council action can undoubtedly be adjusted to suit the tactical requirements of the United Kingdom, the United States and France.

8. Unless you have serious objections, I would recommend that the Canadian reply to the Italians be couched in terms similar to the formula proposed by the

[19] Voir/See United States, Department of State, *Bulletin*, Volume XXV, No. 652, p. 1011.
[20] Voir/See United States, Department of State, *Foreign Relations of the United States, (FRUS)*, 1951, Volume IV (Washington: Government Printing Office, 1985), Document No. 337, pp. 749-750.

Three Powers and that, assuming there is no change in the present timetable, our reply be delivered on or about December 21.[21] A suggested reply† is attached.

9. I would also recommend that the proposed Canadian reply to the Italians be noted[22] or approved by Cabinet. Although neither the press nor the public have shown any interest in the question of Italian Peace Treaty revision, and the U.S.S.R. has given no indication that it intends to make a major issue of the matter, it would seem that a *de facto* revision of a peace treaty with one of the major Axis Powers of the last war is an issue of sufficient substance to require clearance at the highest level.

A.D.P. H[EENEY]

901.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

. . .

[Ottawa], December 20, 1951

ITALIAN PEACE TREATY; DE FACTO REVISION

7. *The Secretary of State for External Affairs* said that the Italian government, on a number of occasions, had expressed a desire for revision of the articles in the Italian Peace Treaty which involved permanent restrictions on Italy. On September 26th, 1951, the governments of the United Kingdom, the United States and France had declared readiness to give favourable consideration to the removal of such restrictions and discriminations. Formal revision of the Treaty was not possible owing to the opposition of Russia. In reply to notes from Italy to the various signatory governments, the United Kingdom, the United States and France had prepared notes which they intended to send forward about December 21st, agreeing that Italy should be released, so far as each of the governments was concerned, from the restrictive military clauses of the Treaty and certain political articles. It was recommended that a reply be sent on behalf of Canada in terms similar to those used in the notes by the three governments above and that communication of the reply be on or about December 21st.

(Departmental memorandum, undated)†.

8. *The Minister of Finance* mentioned that the Italian government had not shown any very great zeal in completing arrangements concerning Canadian claims in Italy.[23] It might be desirable to intimate to the Italian Ambassador that the transmission of the Canadian reply would have relation to Italian action on these claims.

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[21] Note marginale :/Marginal note:
I agree L.B.P[earson]

[22] Note marginale :/Marginal note:
Yes L.B.P[earson]

[23] Voir le document suivant./See following document.

9. *The Cabinet*, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that he be authorized to reply to Italian representations concerning *de facto* revision of the Italian Peace Treaty along the lines of the reply which the governments of the United Kingdom, the United States and France proposed to make, the Italian government to be made aware, however, that transmission of the Canadian reply would be related to action by Italy towards settling outstanding questions relating to Canadian claims against the Italian government or Italian nationals.

. . .

SUBDIVISION III/SUB-SECTION III

RÉCLAMATIONS DE GUERRE
WAR CLAIMS

902. 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. 265-51 [Ottawa], October 11, 1951

LUMP-SUM SETTLEMENT OF WAR CLAIMS AGAINST ITALY AND RELEASE OF ITALIAN ASSETS HELD BY THE CANADIAN CUSTODIAN

On May 3, 1949, Cabinet approved a recommendation that negotiations be undertaken with Italy and other countries "to effect the best possible lump-sum settlement for the satisfaction of war claims and for the release of enemy assets".[24]

2. Cabinet agreed on May 2, 1950, that a continued effort be made by Canadian officials to negotiate a lump-sum settlement for Canadian war claims against Italy.[25]

3. Negotiations were first conducted with the Italian authorities in Ottawa and latterly through our Embassy in Rome. Various proposals and counter-proposals were submitted. In the beginning there was a wide gap between the amount offered by the Italians and that which the Canadian officials were willing to recommend for acceptance.

4. Last December we offered a settlement based on the payment of 725 million lire for all our war claims, with a few minor exceptions. The Italians contended that large portions of the Aluminium Company's claims were not eligible for compensation and made a counter offer of 460 million lire. We could not accept the Italian contention and submitted a revised offer whereby all the Aluminium Company claims would also be excluded from a lump-sum settlement and would be submit-

[24] Voir/See Volume 15, Document 40.
[25] Voir/See Volume 16, Document 988.

ted with the other excepted claims separately to the Italians along lines provided for in the Peace Treaty. The amount of this offer was 290 million lire made up by deducting the Aluminium Company claims from 725 million lire and adding 38 million lire to account for new claims filed since December. We undertook to release Italian assets once agreement on our war claims had been reached. However, this release is a long process and it is our intention to retain at all times sufficient assets to cover all our claims until this lump-sum payment is ratified by the Italian Parliament.

5. The Italians linked their payment of $1,300,000 under the Military Relief Settlement reached in February, 1950, to the release of their assets and hence to the settlement of war claims. They said that it would be difficult for them to submit the Military Relief Settlement for ratification without having obtained agreement for the release of Italian assets held in Canada, but they have undertaken to submit both this present Agreement and the Military Relief Settlement to their Parliament at the same time, once arrangements are completed covering the release of their assets. Should there be any undue delay in the seeking of this ratification our Ambassador in Rome will be instructed to take the matter up with the appropriate authorities.

6. At the beginning of his stay in Ottawa for the N.A.T.O. Council meeting, Mr. De Gasperi had a talk with the Prime Minister and they agreed that steps should be taken to effect an early settlement of Canadian war claims and the release of Italian assets. At the same time word was received from Rome that the Italian Ministry of Foreign Affairs was agreeable to a settlement based on the payment of 290 million lire.

7. It was thought advisable to take advantage of Mr. De Gasperi's presence in Ottawa to complete an exchange of Notes with him embodying the proposals we had made. There was no opportunity to seek Cabinet approval of the details and, of course, the principle of a lump-sum settlement had already been approved. Therefore after consultation with the Minister of Finance and the Secretary of State this exchange of Notes took place on September 20 and the Notes were signed by Mr. De Gasperi and myself, respectively.[26]

8. With the concurrence of the Minister of Finance and the Secretary of State, I recommend that Cabinet approve the intergovernmental agreement entered into between Canada and Italy by this exchange of Notes which provides for the satisfaction of Canadian war claims, the payment of pre-war commercial debts owed to Canada and for the release of Italian assets vested in the Custodian, for the following reasons:

(a) It is politically desirable;

(b) Our claimants will receive satisfaction more quickly than if the relevant provisions of the Treaty of Peace with Italy had to be complied with;

(c) We will avoid many disputes before Conciliation Commissions and the costs thereof;

(d) The Military Relief Settlement will be presented for ratification.

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[26] Voir Canada, *Recueil des traités*, 1952, N°. 21./See Canada, *Treaty Series*, 1952, No. 21.

9. I understand that the Ministers concerned will be requesting from Cabinet directives for the disposition of the lump-sum received in settlement and for the processing of the war claims affected by this Agreement.[27]

L.B. PEARSON

SECTION E

NORVÈGE : BLÉ
NORWAY: WHEAT

903. DEA/11270-40

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

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

CONFIDENTIAL [Ottawa], May 17, 1951

NORWEGIAN REQUEST FOR CANADIAN SUPPORT FOR INCREASED QUOTA UNDER THE INTERNATIONAL WHEAT AGREEMENT

On April 24th Mr. Steen called on me and left the attached memorandum† containing a request that we support the Norwegian Government in its efforts to increase its guaranteed import quota under the International Wheat Agreement by 75,000 tons. The Norwegian Government can hope that its application will be granted only if Canada is prepared to guarantee to export the additional 75,000 tons annually for the next two years at wheat agreement prices.

2. Mr. Steen drew attention to the fact that, under its present trade agreement with the Soviet Union, Norway receives 75,000 tons of wheat in exchange for certain Norwegian products. As many of these are strategically important products, the Norwegian Government has undertaken to prevent their exportation to the Soviet Union. It is now faced with the difficulty that it will be unable to secure its wheat requirements from the Soviet Union.

3. In view of the Norwegian Government's exceptional cooperation, I thought you would wish us to do everything possible to meet her request. The Economic Division discussed the situation with Dr. Wilson of the Wheat and Grain Division of the Department of Trade and Commerce, who agreed to take it up with Mr. Howe and the Wheat Board.

4. I am attaching copies of Dr. Wilson's memorandum of May 5th to Mr. Howe and Mr. Howe's reply of May 7th. From Mr. Howe's memorandum it is evident that he is prepared to do everything possible to increase Norway's present allocation under the agreement. In his fourth paragraph he states: "It is true that this (the increased allocation) may net slightly less for the Canadian producers, but it seems

[27] Approuvé par le Cabinet, le 13 octobre 1951./Approved by Cabinet, October 13, 1951.

to me that we have an over-riding responsibility to make countries such as Norway believe that it is worthwhile to trade with America rather than with Russia". In his last paragraph Mr. Howe states that "there is no doubt that External Affairs will press the Government to adopt the attitude I have outlined above, and I must say that I agree with External Affairs as to the desirability of this procedure."

5. Following Mr. Howe's directive, the matter is being taken up with the Wheat Board and perhaps with the United States authorities to see how the immediate request may be supported most effectively. Yesterday, Trade and Commerce wrote to us to say that, while some factors remain to be clarified, they hope that a final decision will be made well in advance of the June meeting of the International Wheat Council, and that they agreed that an interim reply might be given to the Norwegian Minister to the effect that we were making our "best endeavour to meet the Norwegian position".

6. The Wheat Board is expected to meet in Ottawa next week to give a definite decision on the extent to which we can increase Norway's quota.[28]

A.D.P. H[EENEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du directeur de la Direction du blé et grain du ministère du Commerce pour le ministre du Commerce

Memorandum from Director, Wheat and Grain Division, Department of Trade and Commerce, to Minister of Trade and Commerce

[Ottawa], May 5, 1951

RE NORWEGIAN REQUEST FOR INCREASED INTERNATIONAL WHEAT AGREEMENT QUANTITY

External Affairs have given me the attached copy of Aide Mémoire† submitted by the Norwegian Minister on April 24th and have stressed the political merits of the Norwegian case. I am told that Mr. Pearson may wish to raise this question in Cabinet. The Norwegians have been encouraged not to renew their trade agreement with the USSR, which has in recent years furnished them with 75,000 tons of Russian wheat per year. This quantity the Norwegians are now seeking by way of an increase in their IWA quantity. External Affairs emphasize the role Norway is playing in the North Atlantic Treaty and urge that this request be met.

[28] Note marginale :/Marginal note:
I agree that we should try to help Norway in this matter — but it will strengthen the hand of those who are opposing the agreement on the ground that the wheat grower is once again being asked to accept a lower price than he would otherwise get. We are now adding 75,000 tons to that lower price category. L.B.P[earson]

On commercial grounds Norway is a historical customer for Canadian wheat and flour, deserving our best consideration.

The difficulty, you know, is that by the time the Canadian Quantity is increased to 235,000,000 bushels, we have reached the maximum prudent commitment in respect of our average production. This maximum figure will allow an increase in the Canadian guaranteed quantity of only 5.4 million bushels in 1951-52, and 3.4 million bushels in 1952-53.

Mr. McNamara reported from Washington this week that the United States State Department has been promoting the accession of Japan to the Agreement and has received the concurrence of the U.K. Government in the unconditional accession of Japan to the Agreement at the meeting of the Council in June. Japan's accession will take up almost all the whole of Canada's additional quantity in 1951-52 and will exceed what Canada is putting in for 1952-53. Although our additional quantities are not necessarily earmarked by countries of destination, this means in effect that our increased quantities cannot go to help Belgium unless the United States is prepared to put in more than its share of the Japanese quantity and there is still the problem of doing something for Norway.

In any event it is difficult for Canada to give the impression that we are putting in additional quantities for particular countries. Following is a list of the increases requested by importing countries. Although we may be sympathetic to the requests of Belgium and Norway and not much interested in the other requests, it would be a mistake to give the impression that we are prepared to do something for Belgium and Norway and not for the other countries.

	Metric Tons	Bushels
1. Egypt	200,000	7,348,742
2. Denmark	56,000	2,057,648
3. Belgium	250,000	9,165,927
4. Israel	120,000	4,409,245
5. Ecuador	4,000	146,975
6. Mexico	150,000	5,511,556
7. Spain	100,000	3,674,371
8. El Salvador	2,000	73,487
9. Bolivia	25,000	918,593
10. Indonesia	50,000	1,837,186
11. Norway	75,000	2,755,778
12. Dominican Republic	2,162	79,440
	1,034,162	37,998,948

After all these requests accumulated last winter when it became apparent that a strong wheat market had developed, when supplies from Russia and Argentina had dried up, and when it appeared that the importing countries could not "lose" under the terms of the Agreement in its remaining two years.

This raises the question whether the Government is being fair to the producers in agreeing to any increases at all in Canada's guaranteed quantity under present

circumstances. The wheat involved in the additional quantities could otherwise be sold at Class II prices above the IWA ceiling.

If there is political urgency in meeting the Norwegian request, reply could take the form of indicating our preparedness to sell them the 75,000 tons at Class II prices if we have the wheat in addition to our IWA quantities. If, however, the real issue is that Norway wants the wheat on IWA price terms, then it should be a question of whether the Canadian Government or the Canadian and Norwegian Governments together should undertake to make up the difference between the IWA and Class II price.

C.F. WILSON

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du ministre du Commerce pour le directeur de la Direction du blé et grain du ministère du Commerce

Memorandum from Minister of Trade and Commerce to Director, Wheat and Grain Division, Department of Trade and Commerce

CONFIDENTIAL

[Ottawa], May 7, 1951

RE NORWEGIAN REQUEST FOR INCREASED INTERNATIONAL WHEAT AGREEMENT QUANTITY

Thanks for your memorandum of May 5th regarding confidential Aide Mémoire submitted to the Department of External Affairs by the Norwegian Minister, on April 24th.

It seems to me that Norway deserves special consideration from Canada, having in mind that Norway has been a good customer for Canadian wheat in the past, and that the increased quantity is intended to replace present purchases by Norway from Russia.

I appreciate the difficulty of singling out any country for special consideration, but, on the other hand, I suggest that Mr. McIvor be advised of our special interest in Norway and asked to do what he can to have the extra quantity for Norway included in the International Wheat Agreement. If a pre-arrangement with Canada is necessary to accomplish this end (which I doubt), I see no harm in Mr. McIvor indicating that Canada will be glad to fill this allotment out of the additional quantity that we will accept.

I do not share your view that Canada should not increase its present allocation under the Agreement. I think that we should accept an additional quantity up to an overall ceiling of 235 million bushels. It is true that this may net slightly less for the Canadian producers, but it seems to me that we have an over-riding responsibility to make countries such as Norway believe that it is worth while to trade with America rather than with Russia.

I do not agree that Norway will be happy about an offer from Canada to supply this wheat as Class 2, provided we have a surplus over our Class I quantity. Norway knows now that we will do this in any event.

There is no doubt that External Affairs will press the Government to adopt the attitude I have outlined above, and I must say that I agree with External Affairs as to the desirability of this procedure.

C.D. HOWE

904. DEA/11270-40

Le directeur de la Direction du blé et grain du ministère du Commerce au sous-secrétaire d'État aux Affaires extérieures

Director, Wheat and Grain Division, Department of Trade and Commerce, to Under-Secretary of State for External Affairs

Ottawa, May 25, 1951

Attention: Mr. A.F.W. Plumptre

Dear Mr. Plumptre:

Further to my letter of May 15,† this will let you know that Messrs. McIvor and McNamara of the Canadian Wheat Board have had discussions with Mr. Howe on the question of an increase in the guaranteed quantity under the International Wheat Agreement for Norway.

Their discussion is summarized in Mr. McNamara's notes which I quote:

"Mr. McNamara reviewed his recent Washington discussions and recommended to Mr. Howe that, if the Council approved the Japanese accession, Canada should agree to increase her guaranteed sales to 235 million but should not go over this figure. This would mean that Canada, in the event of the Japanese accession, would not be in a position to increase her quota to enable the Belgian and Norwegian quotas to be increased.

Mr. Howe agreed this appeared to be the best solution but pointed out he would have liked to be in a position to assist Norway.

Mr. McNamara suggested that no further action be taken with regard to Norway until after we were sure of the Japanese accession. At that time he and Mr. Riddell would approach Norway, and if necessary would go to Oslo, to try to work out a deal for Canada to supply Norway with a substantial quantity of wheat and flour within the present Norwegian IWA quota. Mr. Howe thought this would be a good idea."

You will recall that a year ago last March as a result of Secretary of Agriculture Brannan's visit to Ottawa, Mr. Howe and Mr. Brannan agreed on a basis of distribution between Canada and the United States of the Japanese quantity in the event

of Japan's accession to the Agreement.[29] Recent information indicates that Japan again will apply for accession at the June meeting of the International Wheat Council. Mr. Howe feels that the undertaking given more than a year ago to support the Japanese accession must still be honoured. This accession will not be assured, however, until the June meeting of the Council. Mr. McNamara will be attending the Council meeting and if the Japanese accession takes up any Canadian balance to a limit of 235 million bushels, Mr. McNamara will explain the situation to the Norwegian representative at the Council and will also go to Oslo to discuss with the Norwegian authorities the possibility of a firm contract covering Norwegian requirements within the limits of IWA in an effort to have the Norwegians understand our position and be satisfied in respect of their own requirements.

Yours faithfully,

C.F. WILSON

905.

DEA/11270-40

Le secrétaire d'État aux Affaires extérieures au ministre du Commerce

Secretary of State for External Affairs to Minister of Trade and Commerce

CONFIDENTIAL

Ottawa, May 31, 1951

My dear Colleague:

I understand that you have recently discussed with Mr. McIvor and Mr. McNamara of the Wheat Board the question of supplying Canadian wheat in order to accommodate Norway's request for an increase of 75,000 tons under the International Wheat Agreement, and that our ability to do so turns on the accession of Japan to the Agreement.

I know you are in complete accord with the desirability of providing for Norway's additional needs which are due largely to her unwillingness to exchange strategic commodities for Russian wheat, and I am wondering whether you might consider it worthwhile to re-open discussions with the United States Government before the next Council meeting to seek a means of providing, if possible, for both Japanese accession and Norway's increased quota. A member of the United States Embassy recently discussed with one of my officials the question of our commitment to supply wheat for the Japanese accession; the manner in which the question was raised leads us to believe that the United States Government may be doubtful whether, in view of the changed circumstances, our commitment in regard to the Japanese accession is still operative.

If the commitment is not operative, or if the negotiations with the United States could be re-opened, there will have to be a decision on whether we should give Japan or Norway priority. I should be grateful for your views on the relative impor-

[29] Voir/See Volume 16, Document 452.

tance of supplying wheat to these two countries, and the possibilities of meeting these requirements over the next two years in or out of the Wheat Agreement.

Yours sincerely,
L.B. PEARSON

906. DEA/4171-E-40

Le ministre du Commerce
au secrétaire d'État aux Affaires extérieures

Minister of Trade and Commerce
to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, June 1, 1951

My dear Colleague:

I have your letter of May 31st regarding the International Wheat Agreement and commitments under the Agreement by Canada on the accession of Japan.

Canada today is committed to furnish 229 million bushels of wheat under IWA. It is understood that our total commitment under IWA will not exceed 235 million bushels. Therefore, our total additional commitment is limited to six million bushels.

The United States have understood for some time that we will take up our additional commitment when Japan is admitted to IWA. This agreement was made by Mr. Gardiner and myself at our meeting with Secretary Brannan, held in Ottawa. I understand that the U.S. Department of Agriculture was very firm about holding us to this commitment.

We have made it clear to the Executive Committee of IWA that Canada would like to increase the allotment of Norway, and is willing to furnish IWA wheat for that purpose, subject to our total commitment of 235 million bushels. However, we have made it clear that we cannot do this if we must make our contribution to Japan.

Mr. McNamara, of the Canadian Wheat Board, is now in England to attend the Annual Meeting of IWA as the representative of Canada. He will do his best to have the allotment to Norway increased, but, if this fails, he intends to make a personal visit to Norway and to assure that country that Canada will take care of the full requirement, partly within and partly without IWA, assuming that our harvest enables us to fill our IWA commitment.

Our relations with Norway as to wheat have been very satisfactory in the past, and we are inclined to think that Norway will be satisfied with such assurances as Mr. McNamara can give. I regret that it seems improbable that Norway can be given the increased allotment under IWA for which her application is now being made.

Yours sincerely,
C.D. HOWE

907.

DEA/4171-E-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 1457

London, June 14, 1951

CONFIDENTIAL

Reference: My telegram No. 1456.†

INTERNATIONAL WHEAT COUNCIL

Following for C.D. Howe from McNamara, Begins: Johannessen called to see me prior to the opening of the council to discuss the possibility of increasing Norway's quota by 75,000 tons for each of the remaining years of the agreement. He appeared to be under the impression, as a result of advice from the Norwegian Embassy in Ottawa, that Canada had agreed to support Norway's application, and would be prepared to put the necessary wheat into the agreement. I explained that with the probable accession of Japan, on which we had committed ourselves previously, the Canadian quota would reach its absolute ceiling, and that we could not contemplate any further increase at this time. I told him, however, that we were anxious to help Norway, and would be prepared to negotiate at once with Norway for any amount within its present quota which it wished to obtain from Canada in 1951/52. Moreover, that we would give Norway first option on the purchase of 75,000 tons outside the wheat agreement if, as seemed not likely, the Canadian crops were large enough to permit additional exports.

2. Johannessen had hoped that I could go further than this, and did not show great interest in the suggestion that Riddell and I should go to Oslo to discuss these propositions after the council meeting. He explained Norway's difficulties about the supply of wheat from the USSR, and in this connection mentioned our joint participation in the North Atlantic Pact. He added that Norway was not so much concerned about obtaining the extra wheat at agreement prices, as about arranging for guaranteed supplies to meet average import requirements. While Johannessen seemed a bit disappointed that it was not possible for us to raise our quota, I think he does understand that we had a prior commitment for Japan, and also appreciates how difficult it would be for us to give Norway special treatment other than that which I have offered, when so many other countries are seeking increased quotas.

3. Since there is always the possibility that you will be receiving further representations through the Norwegian Embassy in Ottawa I thought it would be useful to let you know what had happened at this end.

908. DEA/4171-E-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 1517 London, June 21, 1951

RESTRICTED

Reference: My telegram No. 1457, June 14th.

INTERNATIONAL WHEAT COUNCIL — CANADIAN WHEAT FOR NORWAY

1. After further discussions with Johannessen who now completely understands and sympathises with Canadian inability to increase its guaranteed sales in order to meet Norwegian requirements, McNamara has agreed to conclude a firm contract with Norway for 40,000 long tons at 1951/52 agreement prices, plus carrying charge. In addition, Norway is being given an option on a further 40,000 tons on the same terms. The option will run until November 30th this year.[30]

3e PARTIE/PART 3

MOYEN-ORIENT
MIDDLE EAST

SECTION A

ÉGYPTE : CONFRONTATION AVEC LE ROYAUME-UNI
EGYPT: CONFRONTATION WITH UNITED KINGDOM

909. DEA/50263-40

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], October 16, 1951

The attached message from the Secretary of State for Commonwealth Relations to the United Kingdom High Commissioner in Ottawa dated October 13, dealing with the situation created by the Egyptian Government's abrogation of the Anglo-Egyptian Treaty was handed to me yesterday by Sir Alexander Clutterbuck with a request for our comments.

[30] Note marginale :/Marginal note:
[F.G.] Hooton We might send a letter to Steen embodying this information. W.P[lumptre]

You will observe that this telegram indicates that the United Kingdom have reached a firm decision to stay in the Canal Zone come what may. Their military advisers are completely confident that this can be done. The United Kingdom, however, foresee probable action by the Egyptian Government which will require counter-action involving the use of force on the British part to maintain their position in the Canal Zone. The United Kingdom express the hope that they will have the "full moral support" of the Canadian, Australian, New Zealand and South African Governments, as well as of the United States and other countries concerned in the area, in the stand they are taking.

The Embassy in Washington has been instructed to enquire what line the United States is taking. However, I am inclined to think that although it would be useful to know what the United States view is, we should not wait on them. It is suggested that we might comment *orally* on the telegram along the following lines:

(a) that the Canadian Government appreciates being kept informed of developments in the Middle East by the United Kingdom;

(b) that the Canadian Government agrees with the view that it is of major importance for the security of the free world that the United Kingdom should continue to fulfil its responsibilities for the defence of the Canal Zone pending satisfactory arrangements for the security of the area;

(c) that the Canadian Government is confident that the United Kingdom will do its utmost to avoid the use of force and to achieve a mutually satisfactory arrangement with Egypt;

(d) that it is proposed to inform the United States Government of the general moral support being given to the United Kingdom Government on this issue and to impress on the United States Government the necessity of early solution of the problem.

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire d'État des Relations du Commonwealth au haut-commissaire du Royaume-Uni

Secretary of State for Commonwealth Relations to High Commissioner of United Kingdom

TELEGRAM CIRCULAR W. NO. 131 [London], October 13, 1951

TOP SECRET. IMMEDIATE.

Repeat Delhi, Karachi, Colombo, Salisbury.

EGYPT

Please communicate following message to Canadian, Australian, New Zealand and South African Governments. Begins.

1. We have had under urgent review situation created by Egyptian Government's move to abrogate the Anglo-Egyptian Treaty of 1936 and the Condominium Agreements of 1899 regarding the Sudan.

2. Canadian/Australian/New Zealand/South African Governments are already fully informed on the proposals which have been presented to the Egyptian Government in regard to the latter's participation in the defence of the Middle East. We are satisfied that these proposals would enable the foundations of the defence of the whole of the Middle East region to be broadened and strengthened and that they provide a sound and reasonable basis for a settlement of Anglo-Egyptian differences in regard to the Treaty of 1936. We are prepared to discuss them patiently with Egypt. But we must make it clear that we have reached in these proposals, the limit of concessions we could make regarding the position of British troops and the base. The Canadian/Australian/New Zealand/South African Governments also know of the proposals which have been put forward by us to Egypt for a settlement in regard to the Sudan. In our view these latter proposals fully meet the legitimate interests of Egypt. It would be out of the question for us to depart from our undertakings to the peoples of the Sudan which we have recently publicly re-affirmed.

3. On the 9th October, the United Kingdom Government announced that they maintained their full rights under the Treaty and the Condominium Agreements pending a satisfactory agreement with Egypt. It was implicit in that statement that until such an agreement were reached our troops would stay in the Canal Zone. This is indeed our intention. It would probably be too much to hope for an early conclusion of a settlement with Egypt. A radical change in their present attitude is necessary and may take time. It follows that we shall have to stand our ground firmly in the Canal Zone — using force if necessary — until an acceptable agreement has been reached.

4. We have considered the implications of this decision. Our Commanders-in-Chief in the Middle East have the necessary plans ready. These foresee action by the Egyptian Government together with the appropriate British counter-measures under various stages.

5. Stage I can be said to have begun with Nahas Pasha's action on the 8th October. At this stage the Commanders-in-Chief contemplate and have been authorised to institute at their discretion, what may be called passive security measures. These involve a formal request to Egyptian local authorities to maintain order, the stopping of leave to Cairo and Alexandria (which has already been enforced), the posting of additional security guards and the like.

6. Stage II arises if the Egyptian Government resorts to administrative non-cooperation. At this stage the Government might obstruct and delay customs, posts, civil aviation, quarantine clearances and the clearance of ships through the Suez Canal and interfere with our labour supply. There might be increased rudeness, official and individual, to the British personnel. Hostile demonstrations and minor violence might take place. In such a situation our passive security measures would be continued but intensified. Military protective patrols might have to be instituted and families of all ranks in the Canal Zone concentrated into more secure areas. Here

again the Commanders-in-Chief have been given authority to take the appropriate counter-measures.

7. Stage III would amount to an Egyptian blockade of our forces. The Egyptian Government would no doubt pretend that our position in Egypt was illegal and would attempt to persuade us, by such measures as the withdrawal of labour supplies and port facilities and restriction of movement in and out of the Canal Zone, to withdraw. They might refuse the passage of ships through the Canal. We naturally hope that this stage will be averted but if it is forced upon us we should have to take counter-blockade measures. The nature of these would naturally depend on the particular steps which the Egyptian Government took on their side. It would almost certainly be necessary to re-enforce our troops in the Canal Zone and might eventually be necessary to take complete control there. In the worst case Egyptian troops might have to be removed by force if necessary. We might also have to take certain additional measures to ensure the passage of shipping through the Canal.

8. We trust that we shall not be faced with stage III. If it should, however, be forced on us we shall face it and see it through. Our military advisers are completely confident of our ability to hold and maintain ourselves in the Canal Zone. Much as we should regret the necessity of using force we would not shrink from our responsibilities if the situation demanded it. We are confident that in this course we should have the full moral support of Canadian, Australian, New Zealand and South Africa as well as of the United States and the other countries to whom, as well as to us, the freedom of the Middle East region is of vital interest. The consequences of a withdrawal, which to us is unthinkable whether from the military, political or moral point of view, would be so disastrous, not merely for this country, but for the Commonwealth and for the Western Allies as a whole, that it is essential that we should stand firm together.

9. None of the counter-measures envisaged under Stage III has yet been authorised. It may be some time before the need for this arises. On the other hand it might arise at any moment and without warning. In giving such authority the United Kingdom Government would naturally do their utmost to consult the other Governments principally concerned in organising Middle East defence.

10. Should matters come to this pass there would of course be no hope of organising the Middle East Command on the lines contemplated and in our view we should be obliged to proceed without Egypt. Indeed that hope would be shattered much sooner if the Egyptian Government definitely reject the agreed proposals. But in either case it would seem all the more urgent to press on with the Command arrangements and we would be strongly in favour of agreeing as soon as possible at least upon the appointment of a Supreme Allied Commander and we would place British forces in the Canal Zone under his command as contemplated in our proposals. In view of Egypt's non-co-operation the Allied headquarters would no doubt have to be set up outside Egypt. The United Kingdom Government for their part would agree to the establishment of the headquarters in Cyprus.

11. We would reject any suggestion that as the existence of a base in Egypt is a cardinal feature of the Allied Middle East Command organisation there can be no Allied base there if Egypt will not participate. The United Kingdom intend to hold

the Egyptian base. If the Egyptians agree to participate in the Middle East Command, well and good, and the base would become an Allied base. But if there is no agreement with Egypt we still intend to hold the base so that it may be available for use by the Allies. And it is in this sense that we shall regard ourselves as agents acting on behalf of the free world when we say that we intend to stay in Egypt at whatever cost and ask for the support and encouragement of the Canadian, Australian, New Zealand, Union Government in our stand.

12. We are explaining matters equally fully to the United States Government and have asked for their support also. We shall also be in communication with the French and Turkish Governments. The support of the Indian and Pakistan Governments (and of the Government of Ceylon) would be of immense value and our High Commissioners at Delhi, Karachi and Colombo have had instructions to give these Governments full information about the Command and Sudan proposals and our policy generally (without however revealing anything about our military plans — such as paragraphs 5, 6, 7, 9 and 10 above).

13. Copies are being given to Canadian, Australian, New Zealand and South African High Commissioners in London.

910. DEA/50229-40

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. URGENT. [Ottawa], October 17, 1951

RE ANGLO-EGYPTIAN CRISIS

Attached is a draft statement for your consideration and discussion in Cabinet this morning. It has been prepared on the assumption that the Government will be prepared to accede to the U.K. Government's request for "moral support" of their position with respect to the canal zone, as set out in the message communicated to us by Clutterbuck. (An additional copy of this message is attached).

2. There are three inter-related questions to be decided by Cabinet:

(a) should we accede to the U.K. Government's request for moral support?

(b) if the answer to (a) is yes, should we inform the U.S. Government and urge them to do likewise? and,

(c) should a statement of the Government's position be made in Parliament?

3. The Canadian Government have traditionally been reluctant to express opinions with respect to Middle Eastern questions on the ground that our commitments elsewhere wholly involve our limited resources. Nevertheless, the present situation is so critical in affecting the general peace that the argument in favour of our doing anything we can to help stabilize the position is very strong indeed. Wrong tells me that it is possible that prompt Canadian support for the British decision to stand firm may have some real influence upon the U.S. decision, and the decision which

the United States is to take is all important. (France has already expressed publicly its support of the British stand).

4. Moral support is of little value unless it is made public and it would be preferable for us to make our own attitude known rather than have the United Kingdom announce that they were being "backed by the whole Commonwealth". Further, publicity to be effective should be prompt.

5. Yesterday, in answer to Mr. Green's question you said that "if anything can usefully be said, I shall say it at the first opportunity". There is therefore an opening for you to make a statement today when the House assembles at 1.30. For the reasons set out above I believe that something along the lines of the attached draft should be said then and that I should be instructed to have Wrong inform the U.S. Government immediately of our intentions.[31]

A.D.P. H[EENEY]

[PIÈCE JOINTE/ENCLOSURE]

Projet de déclaration sur l'Égypte

Draft Statement on Egypt

The Canadian Government has been kept informed by the United Kingdom Government of developments in the present critical relations with Egypt.

2. The Canadian Government regrets exceedingly the action taken by the Egyptian Government to repudiate the Anglo-Egyptian Treaty of 1936. It is the more regrettable in view of the fact that alternative arrangements were under discussion with the Egyptian Government. It is of the utmost importance for the maintenance of mutual confidence in international relations that when a nation enters an international agreement it should fulfil its obligations thereunder.

3. The situation which has developed is highly inflammable. The Canadian Government, however, is confident that both parties will do their utmost to avoid any breach of the peace and to achieve a satisfactory arrangement for the security of the area.

4. The Canadian Government considers that it is of major importance for the security of the free world that, pending satisfactory arrangements for the security of the area, the United Kingdom should continue to fulfil its responsibilities for the defence of the Canal Zone.[32]

[31] Note marginale :/Marginal note:
Agreed by Cabinet
(1) tell US we will give UK our moral support in this issue
(2) consider draft statement for tomorrow. Oct 19 [sic] A.D.P.H[eeney]
Heeney n'a pas indiqué la bonne date sur sa note, qui semble avoir été écrite à l'issue de la réunion du Cabinet du 17 octobre 1951.
Heeney has mis-dated his note, which appears to have been written following the Cabinet meeting of October 17, 1951.

[32] Note marginale :/Marginal note:
to be revised [A.D.P. Heeney]

911. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 17, 1951

. . .

EGYPTIAN SITUATION; SUPPORT FOR THE UNITED KINGDOM

14. *The Secretary of State for External Affairs* said that the U.K. government were very worried at the possibility that the dangerous situation in Egypt might worsen and spread in the Middle East. The U.K. commander had been ordered to defend the area in which British troops were stationed under the 1936 Agreement and also to expel Egyptians from the area. A brigade was being moved from Cyprus and another might be moved if required. The United Kingdom was anxious to improve the situation and felt that improvement might result if it received strong support from the United States. If such support was not forthcoming, the Egyptian government might take further provocative action. The U.K. government had asked that Canada, among other countries, provide moral support through a public statement that the position in the canal zone ought not to be altered by force. They wished also to have views, in support of the position taken by the United Kingdom, communicated to the U.S. government in order to encourage a strong backing in Washington and, if possible, a public statement there of support.

15. *Mr. Pearson* read a draft statement.

16. *The Cabinet*, after considerable discussion, agreed that:

(a) the Secretary of State for External Affairs inform the United States government that the Canadian government considered that support ought to be given to the U.K. government in the difficulties that had arisen in Egypt; and,

(b) the draft public statement be revised in accordance with the discussion and submitted for further consideration at the next meeting.

. . .

912. DEA/50229-40

Projet de déclaration sur l'Égypte[33]
Draft Statement on Egypt[33]

[Ottawa], October 17, 1951

1. The Canadian Government has been kept informed by the United Kingdom Government of developments in the present relations between that Government and Egypt.

[33] Ce document a été rédigé par L.B. Pearson.
This document was drafted by L.B. Pearson.

2. The Canadian Government regrets exceedingly the action taken unilaterally by the Egyptian Government to denounce the Anglo-Egyptian Treaty of 1936; action all the more regrettable in view of the fact that alternative arrangements were under discussion with the Egyptian Government at the time the denunciation took place.

3. The situation which has developed is highly inflammable. The Canadian Government, however, is confident that both parties will do their utmost to avoid any breach of the peace and to achieve a satisfactory arrangement for the security of the area.

4. The Canadian Government considers that it is of major importance for the security of the free world and, indeed, for peace, that pending the conclusion of new arrangements for the Suez Canal zone, which should be satisfactory to the two governments most concerned, no attempt should be made to alter, by force, the position as now established by international agreement in that zone.

913. DEA/50229-40

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 17, 1951

ANGLO-EGYPTIAN CRISIS

We have had another look at your draft revision of the proposed statement.

Frankly, we do not like the proposed new paragraph 4 since it almost puts Egypt and the United Kingdom on the same footing. It would not be regarded as an expression of "moral support" for the British decision to "stand firm".

If the Cabinet are not prepared to mention the United Kingdom, perhaps the following paragraph 4 would do:

"The Canadian Government considers it of major importance for the security of the free world and, indeed, for the maintenance of peace, that, pending the conclusion of satisfactory alternative arrangements, no action should be taken to alter by force the present regime of responsibility for the defence of the Suez Canal zone."[34]

You may have noticed that the United States Secretary of State is reported to have said today that the British Government is entirely within its rights in maintaining its position. The French have said they "will back up the British Government to the full in resisting unjustified Egyptian pressure".

Would it be possible to add to the above-quoted paragraph some such words as:

[34] Pearson a ajouté les mots « by force » à la dernière phrase de ce paragraphe.
Pearson added the words "by force" to the final sentence of this paragraph.

Meanwhile, in the opinion of the Canadian Government the United Kingdom is justified in maintaining firmly its position in that zone against unjustified pressure.[35]

A.D.P. H[EENEY]

914. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 18, 1951

EGYPT; SUPPORT OF U.K. POSITION

17. *The Secretary of State for External Affairs*, referring to discussion at the meeting of October 17th, 1951, reported that, since the meeting, the U.S. government had sent notes to the United Kingdom and Egyptian governments strongly supporting the British position. The French government had also given a public indication of support. In accordance with the decision of the Cabinet, a message as to the views of the Canadian government had been sent to the U.S. Secretary of State in advance of his statement. It might now be desirable to make the government's position public. A draft statement was read.

18. *The Cabinet*, after discussion, agreed that the Secretary of State for External Affairs be authorized to make a statement on the position of the government in relation to the Egyptian crisis in accordance with the draft submitted, but subject to the deletion of the final paragraph; the explanation to be given in the course of the general statement of policy on October 22nd, unless a specific question made an earlier announcement desirable.

. . .

915. DEA/50153-40

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

Memorandum for Under-Secretary of State for External Affairs

SECRET [Ottawa], October 26, 1951

THE MINISTER'S STATEMENT ON EGYPT

Mr. Chadwick of Earnscliffe came to see me this morning by arrangement to raise a point on the Minister's statement on the Anglo-Egyptian treaties made in

[35] Pearson a approuvé cette phrase à la condition qu'elle soit modifiée. La phrase originale se lisait comme suit :
Pearson approved this sentence with amendments. The sentence originally read:
"In the opinion of the Canadian Government the United Kingdom is justified in maintaining its position."

the House on October 17. He mentioned casually that Clutterbuck and Thomson were away. Earnscliffe had received a short informal letter from Liesching enquiring why the Minister had added his reference to the United States, which read as follows:

"The Secretary of State of the United States has already characterized this repudiation and, indeed, also that of the agreements of 1899, regarding the Sudan, as without validity. We agree with that view."

2. Clutterbuck had seen Mr. Pearson late the previous afternoon and Mr. Pearson had given to him a draft of the statement he was then proposing to make, which contained no reference to the attitude of the United States. Clutterbuck had sent a telegram that evening reporting on his conversation.

3. I said that I didn't really know why the paragraph had been added and that possibly it was because Acheson's public statement had not been available sooner. From his file of telegrams Chadwick thought that this might be the case but I subsequently found that it was not the explanation. I went on to give him some personal observations. I said that it was surely not surprising that in Ottawa we would be interested in the public position of the United States. As a matter now almost of instinct and habit, we were accustomed to consult both London and Washington on all major questions. Furthermore, Canada had not taken any particular interest in the Middle East and it considered it an area beyond our immediate concern. Thus, as the C.R.O. knew, we had only sent an observer to the meeting of Commonwealth Defence Ministers on Middle East defence policy last June.[36] We had not been invited to become members in the proposed Middle East Command. When the proposals were in some draft stage in the planning machinery of NATO, we had said that we were not directly concerned. It was not surprising that we had not been invited to participate in this defence organization.

4. I said that we had a very limited knowledge in the Department about the Middle East and didn't even have a mission in Cairo. It was, therefore, of some value to us to learn that another "neutral" state, in the sense of not being a party to the treaties in question, should have concluded that the Egyptian action was without validity.

5. I remarked that no one in our Parliament would be likely to comment adversely on the inclusion of this paragraph in the Minister's statement. We had in Ottawa in all important matters to take into consideration the United States position. On the other hand, if it had not been included, there might well have been criticism from Quebec Members.

6. I subsequently had a word with the Minister on this. He said that he felt that he had not misled Clutterbuck in any way. He had told Clutterbuck the line he would take in his public statement but that this did not bind him to any advance text, and the statement he delivered did not differ in any material sense from the rough memorandum he had handed Clutterbuck. The Minister also said that the statement had been added to forestall any possible criticism from Quebec quarters. He reminded me of the celebrated Chanaq incident of 1922. I subsequently told Chadwick that

[36] Voir le document 587./See Document 587.

the paragraph had been included to make the statement as widely acceptable in all political quarters in Canada as possible. He wanted his enquiry to be treated as quite informal and he didn't want too much importance to be attached to it.

7. I understand that the above does not cover the whole story and that, in fact, our Cabinet had insisted on knowing the United States position before it was prepared to agree to a statement giving any measure of support to the United Kingdom. I did not, of course, tell Chadwick this. Otherwise, it would simply have confirmed what I think is Liesching's suspicion that the final paragraph of the Minister's statement should be regarded as a conditional on the American attitude indicated two paragraphs above.

8. I asked Chadwick whether South Africa had yet made any public statement indicating its support of the United Kingdom, remarking that South Africa was vitally concerned in the Suez Canal, at least as much as Australia and New Zealand. He said that the South Africans did not intend to make any public statement. He read me a telegram in which the South Africans said that, not being parties to the treaties in question, they were not directly concerned, but went on to stress the great importance they attached to the maintenance of the existing defence facilities in the Canal zone. I learned subsequently from Mr. Campbell that we had received a letter from the South African High Commissioner here to this same effect.

A.J. PICK

SECTION B

ISRAËL : EXPORTATION D'ARMES
ISRAEL: EXPORT OF ARMS

916. 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], May 9, 1951

ARMS FOR ISRAEL

In February the Canadian Commercial Corporation requested permission to quote to a private firm representing the Government of Israel on the supply of fifty 25 pounder guns together with 50,000 rounds of ammunition. It was determined that neither the guns nor the ammunition could be supplied by the Department of National Defence, Canadian Arsenals Limited or Crown Assets Disposal Corporation. The Canadian Commercial Corporation advised the firm that a quotation could not be given.

2. The Consul General of Israel in Montreal wrote to us on April 4th requesting a quotation on twenty five guns of the same calibre with 25,000 rounds of ammunition and accessories. This new request was based on the Consul General's belief

that during the past few months changes had taken place in Canada's armaments supply position which would now permit a quotation to be made. The question of availability was explored and we are informed by the Department of National Defence that the army is not prepared, at the present time, to reduce its stocks of these guns, ammunition and accessories, and by the Department of Defence Production that the material requested is not available from current production and it is not anticipated that it will be in the foreseeable future.

3. The Joint Intelligence Bureau of the Department of National Defence had no objection to a quotation, but this was before the recent flare-up on the Israeli-Syrian border. It has been our practice to consult Washington and London before approving exports of arms to the Middle East. We have not done so in this case because of doubts regarding availability, which we thought should be clarified first.

4. We do not usually give our reasons for refusing an export permit application or permission for a quotation, and, unless you otherwise instruct us, we propose to let the Consul General of Israel know that we are unable to submit a quotation at the present time, nor is it expected that we will be in a position to do so in the foreseeable future.[37]

A.D.P. H[EENEY]

917.

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], August 16, 1951

Dave Croll came in to see me today about some bomb orders for Israel.[38] I said that in regard to the proposed order for 20,000 bombs, there did not seem to me to be any political objection, as these are anti-tank weapons and, therefore, defensive in character.

He also asked whether it would be possible to get 25 25-pounders. Here again I said that as the number was small, I could see no political objection.

I made it clear, however, that in both the above cases there might be supply considerations which would make it impossible to meet the Israeli request. That was a matter they would have to take up with the appropriate Department.

I think that on general grounds we should not be reluctant now to supply reasonable quantities of arms to Israel on the usual condition that they would be used only for defence. The Israeli Government is working more closely with the U.K., their relations are better, while, on the other hand, the relations with Egypt are deterio-

[37] Note marginale :/Marginal note:
Approved "for" Minister May 9 A.D.P.H[eeney]
[38] David Croll, député libéral (Toronto-Spadina).
David Croll, Liberal M.P. (Toronto-Spadina).

rating rapidly. It may well be that before long Israel will be in closer association with the North Atlantic powers than at present, and become an important base of operations.

L.B. P[EARSON]

918. 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], August 30, 1951

Present:

The Prime Minister (Mr. St-Laurent), in the Chair,
The Minister of Defence Production (Mr. Howe),
The Minister of National Defence (Mr. Claxton),
The Minister of Finance (Mr. Abbott),
The Secretary of State for External Affairs (Mr. Pearson),
The Minister of Justice (Mr. Garson).
The Secretary (Mr. Eberts),
The Military Secretary (Commodore Rayner).

. . .

VI. SALE OF GUNS TO ISRAEL

40. *The Minister of National Defence* said that there had been an enquiry as to whether the government would sell Israel 25-pounder guns from stocks. Twenty-five were desired in the first instance.

The Army had a considerable stock which, as the Standing Group had been told some time ago, it was intended to transfer to European NATO countries as U.S.-type replacements became available. Neither the Standing Group nor the NATO countries had taken any action to suggest allocation of the first 144 guns that would be available for release on September 1st, 1951, and his department considered that at least 56 of this number were available for transfer to Israel if that was considered desirable as a matter of policy.

The government had refrained from making offensive weapons available to areas of actual or potential conflict and, as a state of war existed between Israel and Egypt — at least in the latter's view — Israel and the neighbouring Arab states had been regarded as falling within this category.

He and the Secretary of State for External Affairs felt that a relaxation of this policy with respect to Israel was now perhaps warranted. With the Arab world in a state of internal unrest and mounting anti-Western hysteria, Israel was emerging as the one stable element in the area. The United Kingdom had been exploring the possibility of mutual security arrangements with Israel of the type it has with certain Arab states and which the latter might abrogate. Possibly Israel would assume the role in Western defence of the southern pivot in plans for the defence of the

Mediterranean and Middle East regions. Further, as the Middle East might have to unite for defence and arms furnished to Arabs or Jews would strengthen the area as a whole, it was perhaps reasonable to take the risk of arms being used by states in the area against each other. It would be unwise to discriminate between Israel and the Arab states in the supply of arms.

There were, thus, no objections, on grounds of availability or advisability, to selling twenty-five 25-pounders from stocks to Israel.

An explanatory memorandum was circulated.

(Memorandum, Ministers of National Defence and External Affairs, August 29th, 1951, "Sale of guns to Israel" — Cabinet Document D-298)†

41. *Mr. Claxton* thought that it might be desirable to explore the proposal informally with the U.K. and U.S. authorities before the guns were promised to Israel.

42. *The Secretary of State for External Affairs* said that the United Kingdom and the United States frequently took similar action without consulting Canada, and thought it sufficient to notify them that it had been decided to sell the guns to Israel in case they had any observations to make.

The small number of guns involved would not constitute any significant threat to the Arab states, and Israel could, of course, be asked to give an assurance that they would not be used for purposes of aggression. In any case, Egypt was the country chiefly responsible for the continued unrest in the area. The United Kingdom had for some time been well satisfied with its relations with Israel.

43. *The Prime Minister* said that possession by Israel of additional arms should have a stabilizing effect in the area. He doubted that it had any aggressive intentions.

44. *The Minister of Defence Production* said that he thought it would be reasonable to sell the guns at replacement cost.

45. *The Committee*, after further discussion, noted the report of the Ministers of National Defence and External Affairs and agreed that:

(a) the U.K. and U.S. authorities be notified in confidence that it was planned to sell twenty-five 25-pounder guns to Israel from stocks; and

(b) unless the U.K. or U.S. authorities then offered unfavourable comments, those concerned be advised that the government was prepared to sell these guns at replacement cost.

. . .

919. DEA/50000-B-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État suppléant aux Affaires extérieures[39]

Memorandum from Head, European Division, to Deputy Under-Secretary of State for External Affairs[39]

SECRET [Ottawa], September 12, 1951

I attach a revised version of the memorandum prepared in Economic Division on the export of arms to Israel, explaining more fully the political reasons for recommending a relaxation of the policy which has been observed to date, viz., to refrain from making offensive weapons available to areas of conflict or possible conflict.[40]

J.B.C. W[ATKINS]

[PIÈCE JOINTE/ENCLOSURE]

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

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

SECRET [Ottawa], September 13, 1951

EXPORT OF ARMS TO ISRAEL

The Canadian Commercial Corporation has referred to us the request of Sumac Industries Limited, agents of the Government of Israel, to purchase 20,000 bombs, PIAT, H.E. RDX/TN T 50/50 Mark 4 L/N, valued at $129,540.00. Permission to give a quotation on these bombs was granted on August 7th.

2. The Joint Intelligence Bureau of the Department of National Defence has been consulted. The Army is unable to say to what extent this order might reflect a stockpiling programme and does not know what stocks of bombs of this nature are

[39] Une note écrite à la main a été jointe à cette note :/A hand-written note was attached to this memorandum:
Sept 11/51 Mr Reid:
The previous memo [not located], which you sent back to us, deliberately refrained from a recommendation. The difficulty is that most officials doubt the desirability of this export. On the other hand the Minister has indicated in a similar case that he approves, and this policy was recently approved by Cabinet Defence Committee (see para[graph] 5 of attached memo).
Some weeks ago, when this same consignment was being considered, not for *export* but for *quotations*, a memo went to the Minister without a recommendation. However, it may be a bad precedent to follow. I attach a new memo. A.F.W.P[lumptre].

[40] Note marginale :/Marginal note:
Mr. Reid, As the memo now reads, it looks rather as if a change of policy is involved. Cabinet has only delegated authority to our Minister in cases "which raise no new questions of policy or important political considerations." In view of the decision of Cabinet Defence Committee, this memo to the Minister is probably O.K. but I thought I'd better call this point to your attention. A.F.W.P[lumptre]. Sept 12/51.

already held by the Israelis or from what other sources they may be receiving some. Furthermore, in the view of the Army, the number of these bombs asked for appears to exceed normal training requirements and the order, in fact, can hardly be considered essential to "the maintenance of internal security". For these reasons the Army cannot give its concurrence to the export.

3. Somewhat similar comments were made by the Army when the views of the Joint Intelligence Bureau were asked with respect to the submission of a quotation, although the Army then said that it had no objection to a quotation being given.

4. Israel is still in a state of war with several of her Arab neighbours and can be considered as an area of possible conflict. Our practice, as you know, has been to refrain from making offensive weapons available to areas of conflict or possible conflict.

5. However, in the recent joint recommendation you submitted with Mr. Claxton to the Cabinet Defence Committee with respect to the sale to Israel of twenty-five 25 pounder guns, it was stated that relaxation of the practice of refraining from making offensive weapons available to areas of conflict or possible conflict might be warranted in the case of Israel which is not only beginning to emerge as the only stable element in the whole Middle East area, but which may also assume an important role in Western defence plans for the Mediterranean and Middle East areas. On the other hand, it is clear from the Standing Group's recommendation that the proposed Middle East command headquarters be set up in Egyptian territory that the Western powers are not yet prepared to abandon traditional defence links with Egypt and the Arab states and replace them with similar arrangements with Israel. It would therefore seem unwise to relax our practice with regard to the export of arms to Israel without according a similar privilege to the Arab states with respect to any arms orders they may endeavour to place in Canada, and it is for this reason that the joint memorandum to the Cabinet Defence Committee emphasized that there should be no discrimination as between Israel and the Arab states in the matter of the supply of arms. As that memorandum pointed out, there is, of course, the additional consideration that the whole Middle East area may someday have to unite to defend itself against a common enemy. All military equipment made available either to Arabs or Jews now will therefore tend to strengthen the area as a whole against outside aggression.

6. On political grounds, therefore, there would appear to be grounds for adopting a less rigid policy towards both Arabs and Jews regarding the supply of arms than has hitherto been observed by the Canadian Government.

7. Having regard to the political considerations outlined above and considering that the Army's inability to approve the application under reference is mainly based on the excessive quantity involved, you may wish to approve the export of a smaller quantity — perhaps 10,000 bombs instead of the 20,000 requested. If so, I will inform the Canadian Commercial Corporation that this Department has no

objection to the sale and export of 10,000 of these PIAT bombs to the Government of Israel.

ESCOTT REID
for Under-Secretary of State
for External Affairs

920. 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], September 21, 1951

EXPORT OF ARMS TO ISRAEL

1. With respect to the proposed sale of twenty-five 25-pounder guns to Israel, the Cabinet Defence Committee at its meeting of August 30 agreed that:

"(a) The United Kingdom and United States authorities be notified in confidence that it was planned to sell twenty-five 25-pounders to Israel from stocks; and

(b) Unless the United Kingdom or United States authorities then offer unfavourable comments, those concerned be advised that the Government was prepared to sell these guns at replacement cost."

2. Action was taken under (a) and the United Kingdom and United States authorities have offered the following comments:

(a) The Foreign Office had no comment to make except that Israel had already attempted to obtain guns of this calibre from the United Kingdom, but that the United Kingdom had not been able to supply them.

(b) An official of the State Department observed that the United States military authorities believed Israel's military equipment position was now somewhat in excess of that necessary to meet its needs for internal security and defence against localized aggression, and that for this reason the United States Government still was holding up a number of export applications from Israel for military equipment. This official also gave us his personal opinion that an export application from Israel for 25-pounder guns would not be approved by the United States Government.

3. The United Kingdom comments would appear to imply that if the guns had been available the United Kingdom might have supplied them to Israel.

4. We do not believe that the comments offered by the United States should be considered as "unfavourable" within the meaning of the Cabinet Defence Committee decision. There has been at least one instance when we were told that the United States would not approve an export permit application similar to one we had under consideration, and we learned later that they had issued an export permit for an identical order placed in that country after export approval from Canada had been denied. Recently we informed the State Department that we were holding up applications from India and Pakistan and we were advised that the United States

were taking similar action. We have since seen photostat of a United States export permit for one of these applications. In this case there are attenuating circumstances, but no effort was made by the State Department to revoke or suspend the permit.

5. In the light of the above and of the particulars contained in the memorandum you jointly submitted with Mr. Claxton to the Cabinet Defence Committee, I would recommend that we proceed with the sale of these guns to Israel.[41]

6. If you agree, I propose that we inform the Canadian Commercial Corporation that it is authorized to negotiate the sale of twenty-five 25-pounder guns to Israel, at replacement cost.

A.D.P. H[EENEY]

921.

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], September 26, 1951

EXPORT OF ARMS TO ISRAEL — PIATS

Colonel Croll called on Plumptre on September 25 to ask why, when Israel had asked for 20,000 Piats, this had been cut down to 10,000.

2. Plumptre said that the decision had been taken at the ministerial level and he was not really in a position to discuss it. He did, however, go so far as to say that conflicting advice had been received on the matter in the light of which it apparently seemed expedient to reduce the amount. He implied that you had gone as far as you felt you could under the circumstances in getting a decision favourable to Israel on this matter.

3. Plumptre said that he did not feel that he was in a position to give any further information which would have to come from yourself. Colonel Croll said he would be in touch with you very soon.

4. I attach for your convenience a copy of the memorandum which you approved and which reduced the amount of Piats from 20,000 to 10,000.

A.D.P. H[EENEY]

[41] Note marginale :/Marginal note:
I agree L.B.P[earson].

PCO

922.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 25, 1951

. . .

EXPORT OF ARMS TO ISRAEL

15. *The Secretary of State for External Affairs* said that following a decision of the Cabinet Defence Committee on August 30th and after consulting U.K. and U.S. authorities, 25 Canadian 25-pounders had been sold to Israel from existing stocks. The government of Israel had now requested permission to purchase 11 additional 25-pounders, ancillary equipment for 36 25-pounder guns and 2,000 rounds of ammunition for each of these guns. The Department of National Defence was prepared to release from stocks the 11 guns requested and the ancillary equipment for the full 36 guns. There were insufficient stocks, however, to meet the ammunition requirements and it was suggested that a total of 17,250 pounds only be made available to Israel at this time. This was considered to be adequate for present Israeli needs.

It was thought that it would be politically advisable to meet the request of the government of Israel in this matter in view of the growing instability in the Arab world.

An explanatory memorandum had been circulated.

(Memorandum, Secretary of State for External Affairs, Oct. 22, 1951 — Cab. Doc. 277-51)†

16. *The Prime Minister* felt that, in the circumstances, it would be desirable to approve the sale of the guns, equipment and ammunition to the government of Israel but that decision might be deferred on what action should be taken if, at a later date, the Israeli government placed an order with Canada for the manufacture of additional quantities of 25-pounder ammunition.

17. *The Cabinet*, after discussion, approved the sale from Army stocks at replacement cost to the government of Israel of 11 25-pounder guns, ancillary equipment for 36 25-pounder guns and 17,250 rounds of 25-pounder ammunition as recommended and deferred decision on the attitude to be taken if, at a later date, the Israeli government requested the manufacture in Canada of additional quantities of ammunition.

. . .

923. DEA/50000-B-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le premier ministre

Memorandum from Deputy Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], November 26, 1951

The Canadian Commercial Corporation has referred to us the request of the Government of Israel for permission to receive a quotation on the supply of 1500 short tons of TNT. It is most likely that if permission is granted for a quotation, it will be followed by a firm order which, we are given to understand, might be the forerunner of orders for about 3,000 short tons annually over the next few years. This particular quotation provides for delivery for 500 short tons each during the months of February, April and June, 1952.

The Department of Defence Production is considering the rehabilitation of certain explosives plants which have been allowed to lapse since 1945. Interim orders of this nature would greatly facilitate the reaching of a decision in the matter, as they would provide work during the initial period of expansion.

The Joint Intelligence Bureau of the Department of National Defence has been consulted and has no objection to a quotation being given to the Government of Israel on this material and has indicated that it would likely approve an actual export.

Israel is still technically an area of conflict since a legal state of war exists with four of the Arab States. Recently, however, on the occasion of requests from Israel for the supply of twenty-five and then eleven 25-pounder guns with ancillary equipment and ammunition, we recommended to Cabinet a relaxation of the existing policy of refraining from sending to areas of conflict or possible conflict equipment or materials capable of being put to war purposes. Presumably this request could receive the same favourable consideration with even more reason, since TNT has a variety of commercial uses, and there is no evidence that it will be used for war purposes. Even admitting that part of the 1500 tons might be so used, the political considerations which prompted Cabinet to make an exception in the case of the 25-pounders, viz, the desirability of reinforcing the only stable country in the Middle East area, would apply equally to this present application.

Subject to your agreement, I would propose that we inform the Canadian Commercial Corporation that it may quote to the Government of Israel on the supply of these 1500 tons of TNT, with the understanding, however, that, should a firm order be received, we will be consulted once again.[42]

ESCOTT REID

[42] Approuvé par le Cabinet, le 27 novembre 1951./Approved by Cabinet, November 27, 1951.

CHAPITRE IX/CHAPTER IX
RELATIONS AVEC L'UNION SOVIÉTIQUE ET L'EUROPE DE L'EST
RELATIONS WITH THE SOVIET UNION AND EASTERN EUROPE

PREMIÈRE PARTIE/PART 1
UNION SOVIÉTIQUE
SOVIET UNION

SECTION A
POLITIQUE ÉTRANGÈRE
FOREIGN POLICY

DEA/9055-B-40

924.

Le chargé d'affaires en Union soviétique
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union
to Secretary of State for External Affairs

Copenhagen, March 29, 1951

DESPATCH

CONFIDENTIAL

FINAL IMPRESSIONS OF MOSCOW

1. On leaving Moscow after approximately two and a half years in the Soviet Union, it might be useful to record a few final impressions. What truth there is in the observation that to write about any country one should have been there either ten days or ten years, however, is peculiarly applicable to a country so vast and varied, so full of inconsistencies and contradictions, as the Soviet Union. A two-year term spent mainly in the isolated society of the Moscow diplomatic corps is barely enough to scratch the surface. The impressions so acquired are inevitably superficial and often, no doubt, misleading. The Kremlin divulges none of its secrets to the diplomatic corps. Attempts to divine them are less confident in Moscow than in the Western press. A few of the foreign specialists on Soviet affairs in Moscow develop a kind of sixth sense which enables them to extract a good deal from the atmosphere but experience has taught them to be undogmatic in their interpretations and cautious in their predictions. One of their most useful functions is to discourage facile speculation. In this despatch I shall merely note some of the changes I have observed since arriving in the Soviet Union in September, 1948,

and record a few more general impressions derived mainly from conversations with Soviet citizens in several widely separated regions of the country.

2. All the more experienced foreign observers in Moscow warned me on my arrival of the futility of comparing conditions in the Soviet Union with conditions in the West. The only valid standard of comparison was with conditions as they had been in Russia itself before and after the Revolution, and during the last World War. Russian soldiers who had served in Germany and other central European countries had been able to compare their own living conditions with those abroad and had been so critical on their return that it had been necessary to put on a propaganda campaign to "correct" the opinions they were disseminating, but the great masses of the people knew almost nothing of life in the West and their only standard of comparison was with what they had experienced in their own country. Hence the actual level on which they were living was much less important than the direction of the curve.

3. During the war the Soviet standard of living had declined sharply from the level it had reached in the Thirties. This was to be expected and was accepted as part of the cost of the war. The changeover from war-time to peace-time production, however, seems to have been more complicated and to have proceeded more slowly than had been anticipated, with the result that in 1947 there was a serious production crisis with widespread discontent. By the middle of 1948 this critical point had been passed and the trend was again upwards. This upward trend has gradually gained momentum and the increase in the amount and variety of consumer goods available in the shops during the last eighteen months has been almost incredible. To the foreign observer it has been most noticeable in the appearance of the people. Two years ago they were all so badly dressed that foreigners were conspicuous wherever they went, merely by their clothes. Now they attract no particular attention even at the theatres, and the task of the militia men guarding foreign embassies has become increasingly difficult: they can no longer distinguish their own citizens by their clothes and are frequently embarrassed to find that they have asked non-Russians about to enter a foreign embassy if they are not perhaps "making a mistake". The rapid increase in production is also apparent in the large number of new shops of all kinds and new restaurants that have opened, in the fleets of new taxis and cars, etc. When it is remembered that heavy industry is always given priority, this increase is still more impressive. It has been easily the most striking phenomenon of the last two years in the Soviet Union.

4. Food rationing had been dropped some time before I arrived, but there were still long queues for all sorts of supplies. Now there only are seasonal shortages — the new lemon crop had just come in when I left, but the hens were staging their annual spring strike — but flour is the only important item of food that is restricted. It is sold only twice a year before festivals which call for a high consumption of griddle-cakes. Nobody supposes that flour is scarce, and the only probable explanation is that the State does not want people to bake their own bread or eat too many *blinis*. Together with the increase in the supply of consumer goods, there have been three substantial price reductions in the last two years. Food, clothing, shoes, and all sorts of everyday commodities are still fantastically high if the price is translated into dollars at the official rate of the rouble. Many of the prices seem high also in

terms of Soviet wage averages as we know them, but it has been very obvious recently that the great majority of the people have money to spend and are spending it. In the lower income groups the explanation seems to be that rents are almost negligible, that all the adult members of the family are gainfully employed, and that there are various supplements to the basic pay, of which we know very little. I was surprised to discover, for instance, that a schoolteacher is paid extra for every paper she marks, that a hotel maid gets a month's holiday at Sochi on the Black Sea with all expenses paid, etc. People in the higher income brackets are buying jewellery and other luxury items, possibly as an investment. There are many big signs admonishing citizens to save their money and put it in the bank, but it is likely that most of the people who got one rouble for ten when the currency was changed in 1947 prefer to spend it.

5. The appearance of the city of Moscow itself has also improved greatly in the last two years. The street on which our Embassy stands, for instance, has changed almost beyond recognition. The cobblestones have been replaced by asphalt and all the old, tumbledown houses on both sides of the street have been *remonted* so that they look almost like new buildings. The same is true of many other streets in different parts of the city. There are still many very shabby sections, of course, but no doubt they will all be tackled in turn according to plan. In spite of a great deal of new building, some of it apparently very good and some incredibly bad, the housing situation in Moscow is still unsatisfactory even by Russian standards. The Government is now taking steps to reduce the metropolitan population and it has become very difficult for people living in the provinces to get permission to move to Moscow. Apartment space is allocated on a rigidly graded scale — at least in theory. A university professor, for instance, is entitled by law to two rooms of specified dimensions. If his wife is also doing scientific work, she is entitled to two additional rooms. The combination is a hypothetical four-room apartment plus kitchen, bath, etc. The only problem that remains is the purely physical one of finding the space. At present it is usually insoluble. At this point private enterprise may rear its ugly head and the professor may succeed in subletting an apartment at six or seven hundred roubles a month instead of the one hundred which the original lessee is paying to the State. It is safe to say that even those people who were fortunate enough to have had a four or five room apartment before the war are now living in unhygienically crowded conditions, for they all seem to be surrounded by a host of poor relations. Lower down in the scale the crowding is still worse, of course, and the resulting congestion is one of the militiamen's most difficult problems, since they are apparently expected to reduce it. "As soon as a family gets a proper apartment", one of them complained, "their relations swarm in like bedbugs and what can we do about it?" It would be a mistake to suppose, however, that this overcrowding is anything like the hardship to a Russian family (or to an Italian or an Icelandic family, for that matter) that it would be to a Canadian. In many cases it is a matter of choice. What the average Russian could not bear to contemplate would be the horror of having to live alone.

6. As long as the standard of living continues to improve, however gradually, there is not likely to be acute discontent with the regime. The Russian people are satisfied with so little that it is hard for us to imagine it. On the political side their

demands are still more modest. They have never known political freedom as we understand it, and except for a few intellectuals they have no idea what it means. Their elections and their Supreme Soviet, which to us seem merely an elaborate farce, they take very seriously. Somehow or other the Government has managed to persuade the average citizen that his vote is extremely important. From talking to ordinary people in different parts of the country I feel sure that it is this conviction, more than the pressure from Party officials, which accounts for the large vote even in the far northern regions where it is not easy to get to the polling stations. The fact that they have no choice of parties or even of candidates does not seem in the least strange to them. It is sufficient to know that if they think a certain candidate has not taken his duties seriously enough, they can stroke out his name on the ballot. More intelligent or better informed people can understand that the single-party system strikes westerners as odd and undemocratic, but seem content with the explanation that the Communist Party is doing everything that could be done, or that it is surely more efficient to have a single party than the confusing multiplicity of parties one finds in a country like France, for instance. Some foreign writers have explained that the present system in the Soviet Union is educational and that as people become more experienced in the exercise of the franchise they will be given more choice. There may be some truth in this, but I can see nothing at present to indicate that the Communist Party plans to share its authority with any other.

7. In spite of the lack of opposition parties, however, the Politburo cannot entirely disregard public opinion. There are other ways in which it can make itself felt than in elections. One of them is in declining production, and to this the Politburo is extremely sensitive. Hence the constant propaganda to explain to the masses that what is being done is in their best interests. This is cleverly done and is generally successful. The ordinary citizen seems genuinely convinced that he has a share in all the great State enterprises, and the recent announcement of the vast new irrigation and power projects has obviously fired the popular imagination, as it was intended to do, in all parts of the country. In the case of the collectivization of agriculture in the Ukraine in the Thirties, however, the Government did not succeed, as Stalin explained to Churchill, in convincing the farmers that it would ultimately be to their advantage. Those who could not be convinced were starved out or transported to Siberia. But such ruthless methods are dangerous to the regime, and if it had not been for the threat from Germany, it is probable that a more gradual transformation would have been preferred. In Great Russia the Bolsheviks were frequently forced to come to terms with recalcitrant groups and they prefer to avoid a showdown if they can. However badly they may gauge Western psychology in their propaganda efforts, it is generally admitted that they understand the psychology of their own people, including the non-Russian races, extremely well. A tremendous effort is constantly being made, by both positive and negative means, to mould public opinion. The intensity of the effort illustrates at once the importance of the task and the difficulty of it.

8. The isolation of the Russian people is about as complete as the Kremlin intends it to be. Soviet citizens can apparently travel to any place they wish within the boundaries of the Soviet Union and they are still nomadic enough to take as full

advantage of this as their means permit. Indeed, many seem to travel without much means and for no good reason. They would be no less eager to travel abroad but only very few can get exit visas even for the neighbouring satellite countries. The ban on travel abroad, however, is probably much less felt in such an enormous country with such a great variety of climates, landscapes, languages, and cultures than it would be in most European countries. It is about as difficult for foreigners to obtain entry visas to the Soviet Union as for Soviet citizens to obtain exit visas. A good many cultural or peace delegations come for brief visits, but their programmes are always carefully planned and their contacts with the natives must be relatively few. The Soviet press is, of course, completely controlled and prints only what the authorities want the people to read. Occasionally they reproduce speeches, articles, or diplomatic notes from abroad which come as a surprise to foreigners in Moscow and can hardly be less of a surprise to Soviet readers. It is not easy to guess the reasons for these exceptions to the general rule. For the most part, the Soviet press is extremely dull. It gives a ridiculously distorted picture of the West, and it was refreshing to find that a good deal of this nonsense is received with healthy skepticism. Its half-truths are more frequent and insidious than its untruths, and unfortunately the Western press, and especially the American, provides excellent material for the Soviet propaganda machine. Quotations from senators and congressmen are popular and the most outrageous ones are almost invariably exact translations. Foreign radio programmes are so effectively jammed that they cannot be heard at all in Moscow and only with great difficulty in other parts of the country.

9. All observers in Moscow agree that the Soviet people in all parts of the country in which we have had any contact with them want peace. They suffered horribly in the last war and in the devastated regions particularly are still suffering from its effects. Their losses were enormous and almost everybody one meets has lost one or more close relatives. In a defensive war they would undoubtedly fight and fight well, but unlike the Germans they are not a bellicose people. As Toynbee points out, they have been more aggressed against than aggressing in their history, and many of them have experienced two German invasions and the war of intervention in their own lifetime. If their rulers wanted war, of course, all the vast propaganda machine would be brought into operation to convince them that their country was not the aggressor and that their cause was just, but they are not stupid or uncritical and the Government would have to choose its ground very carefully. A threat from Germany would rally them more quickly around their Government than a threat from any other quarter.

10. Most observers here agree that the Soviet Government does not want to risk war at the present time. Whatever they can get by other methods or by local wars in which they need not become involved, they will, of course, take. They know quite well that they could occupy Western Europe in a comparatively short time but they also know that this would inevitably bring them into conflict with the United States and that their productive capacity is and will remain for a long time much below that of the United States. They know, too, that the industrial progress they have made and the great industrial projects they have planned would be set back for years if they were involved in a World War, and the people as a whole know this

just as well as the Kremlin does. It has been argued that if they have decided that war is inevitable it would be much more to their advantage to have it now than later, when Western Europe has built up its defences. This seems logical, but there are no indications at present that they would be willing to take the risk. As far as can be seen in the parts of the country open to us, it appears that just now they have reached a low point, for them, in the number of men they have under arms. They seem to have released a large proportion of their older classes without calling in an equivalent number — perhaps because of the demands on manpower made by the new industrial projects announced last year. It is probable that the deficiency will soon be made up, but if they had expected to be involved in war very soon, it is unlikely that they would have released so many. It is also interesting to note that so far as we can discover no attempt is being made to provide bomb shelters in large cities like Moscow and Leningrad.

11. The peace campaign, as seemed probable from the beginning, is being pressed to the limit. Until recently the propaganda has been reassuring: the broad masses of the people everywhere are opposed to war and will not permit the instigators of war to plunge the world into misery again. Stalin's *Pravda* interview was less reassuring. Although he said that war was not inevitable, he was not so certain that the people might not be deceived and led into it by the instigators of war. The more intelligent part of the population seems to have taken this as a warning and the recent increase in the military budget must have confirmed it, nor could Stalin's statement that their present military forces were only about half those of their potential enemies have made them feel any more secure. In spite of this, however, the peace campaign continues at full blast in the press and, however insincere it may be, it is not the best preparation for a war mentality and would certainly have to be changed if war in the near future were contemplated. For this reason it is important to watch closely for changes in the propaganda line.

12. The feeling of confidence so obvious last year when the Chinese Nationalists were defeated seems to have ebbed somewhat, partly, no doubt, as a result of the Korean war and partly, perhaps, because the Russians still do not feel very sure of China. From various small pointers observed by Western diplomats here, it seems clear that China is not regarded and does not regard itself as a satellite in the sense that Poland, Czechoslovakia, Hungary and the rest are satellites. The Russians are still being elaborately careful in how they handle the Chinese and must be secretly grateful for the circumstances which have prevented any closer relationships between the Chinese and the West. Whether they are really afraid of Mao-Tse-Tung turning out to be another Tito, I should not venture to guess, but at least they have not forgotten their great disappointment in Chiang Kai Shek in 1927. It has been suggested, too, that the Russians are by no means averse to having the Chinese wear themselves down a little more on fighting the United Nations in Korea. If having convinced ourselves that Tito, although a Communist, is not such a bad fellow after all, it would not strain our principles too much to discover a few ingratiating traits in Mao-Tse-Tung, (once the Korean business is settled, of course) it would, I believe, worry the Kremlin as much as anything else we could do. At a public lecture recently the speaker asked sarcastically what the West was offering the Asian countries, and answered it as follows:

"The return of the feudal system and the bankers, and such discredited figures as Chiang Kai Shek, Syngman Rhee and Bao Dai, but these offers do not tempt the nationalist populations of Asia."

It costs the Russians nothing to play up nationalism in Asia just as energetically as they crush it in Eastern Europe, but perhaps this game could be made less easy for them.

13. Social conditions in the Far East facilitate the Soviet propaganda effort and so, I fear, do social conditions in the Middle East. It may be that as the Communist parties in Western Europe continue to lose ground, the Soviet Union will decide to concentrate more on Asia. It is clear that unless it becomes involved in war the Soviet Union will make vast progress in industrialization in the next few years. Looked at from Asia the progress of the Soviet Union in the last thirty years is already sufficiently impressive, and if it continues at the present speed it is bound to influence Asian opinion more and more, unless the West can assist the Asian countries to meet their difficult problems more rapidly and effectively than it has been able to do so far.

J.B.C. WATKINS

925. DEA/50170-40

Le chargé d'affaires en Union soviétique au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union to Secretary of State for External Affairs

DESPATCH Moscow, April 13, 1951

SECRET

PROSPECTS FOR PEACE, AS SEEN FROM MOSCOW

Since taking up my post I have been attempting to form an opinion on this subject, based on the atmosphere in Moscow, a reading of the Soviet press, and discussions with other members of the diplomatic corps. I have also consulted the Military Attaché and the Air Attaché, some of whose views are incorporated in paragraphs 5—8. My conclusions are only tentative, but this interim report on what the situation looks like from the heart of the Russo-Stalinist empire may be of some interest.

2. The striking thing about Moscow at the present time is its complete calm, the absence of any feeling of war hysteria, and the absence of any overt signs of preparation for war. Coming from New York this is all the more striking. I have checked my impressions not only with newly-arrived foreigners, but with diplomats who have been here for some time. The general consensus of opinion is that there has been no organized attempt by the Soviet authorities to prepare the population psychologically for war in the near future. They have prepared the people psychologically to throw the entire blame for an outbreak of war on the western powers. But

they have not created the impression that it is in any way imminent. Of course with their skill in propaganda, the Soviet authorities could turn on such a campaign within twenty-four hours.

3. One can argue, of course, that the propaganda line was changed in June, 1941, within twenty-four hours, and that the Soviet authorities had no difficulty in creating the correct atmosphere for waging war. On the other hand the situation was one which any Russian could understand with but little help from the propagandists. Whether it would be so easy to convince the average Russian that he was fighting to defend his homeland in Korea or some other distant spot, I am not so sure. In any case up to now the Soviet authorities have not attempted to create the psychological atmosphere which it seems to me would be necessary if they intended to draw their people into war.

4. The Soviet press continues to belabour the West, particularly the United States, and even we have come in for a good deal of abuse in the last month — usually in the form of articles describing how the ruling circles of Canada have sold the country out to the American warmongers. The propaganda is perhaps more virulent and vicious than it was four years ago, but I do not think it can have any new effect on the Soviet reader, whose senses must be pretty much dulled by the uninterrupted flow of abuse. Perhaps the average Russian is skilled in detecting a new line in the Soviet propaganda, but from a month's reading of the press, and a superficial comparison with that of four years ago I cannot detect any great change of emphasis or direction.

5. The second striking thing about Moscow is the lack of any overt signs of war preparation. This is probably not so important in a country permanently geared to war preparedness as it is in a country like our own. Comparatively little outward change would result from the conversion to a shooting war. If war were imminent some significant changes would doubtless appear, but it may be that the signs would be less obvious up to the actual moment of the commencement of shooting than those which one would see in a peaceful country rapidly converting to war.

6. Nevertheless in Moscow itself, now a city of perhaps seven million inhabitants, there appear to be none of the signs which one would look for even here. Passive air defence is a subject about which nothing has been published and it is difficult to believe that the population could be adequately prepared to sustain air attacks without some sort of training or guidance, and there is no evidence at the moment that steps are being taken in this respect. There appear to be no air-raid shelters, and none under construction. There is a difference of opinion about the adequacy of the Metro system as a shelter against air attack. In the opinion of the Military Attaché much would need to be done to make it useful. The present entrances are very vulnerable from the air and many emergency entrances would have to be built. In addition, the Metro system covers only a limited portion of the town. The Air Attaché thinks, however, that by using the track tunnels themselves, as was apparently done in the last war, a fair percentage of the population could be accommodated.

7. As regards anti-aircraft defence, there are some thirty (estimated) anti-aircraft sites located on the outskirts of Moscow — not a formidable number but in the

opinion of the Air Attaché a not insignificant defence. The number does not appear to have changed during the past year. From the location and calibre of the guns in those positions which are known it is probable that they are not intended for more than the inner perimeter defences. Both Service Attachés think there must be more and heavier calibre guns situated further out from the built-up area, and in restricted areas, to serve as the outer perimeter defences. One can see such heavy anti-aircraft guns in a large park on the outskirts of the city where equipment is being concentrated in preparation for the May Day parade.

8. In Leningrad, I am told, new anti-aircraft installations have been sighted, but the air defences of the city do not appear to be complete, and little has been observed in the way of anti-aircraft installations in other cities. The Service Attachés are of the opinion that if war were expected in the immediate future there would be more evidence of the strengthening of the anti-aircraft defences than there is at the present. At the same time the Russians no doubt count on the general superiority in total numbers of Soviet aircraft over those of the western powers to be able to make available large numbers of fighters for the defence of cities like Moscow which are a comparatively great distance from the frontiers. This is reflected in the considerable numbers of fighters on the aerodromes near Moscow.

9. Admiral Kirk, the United States Ambassador, said to me that on his recent visit to Washington he told the officials in the Pentagon that he found no more signs of preparation for an air attack than in Washington, and considerably less than in New York. He considers it inconceivable that the Russians would launch a war without making some provision for the protection of Moscow and its inhabitants, for two reasons. First, the city is too important for the economy and government of the country to risk its destruction from the air. And secondly, in spite of the callousness of the Soviet authorities to human life, they could scarcely be indifferent to the destruction or disablement of the most capable portion of their population.

10. Apart from the absence of obvious physical and psychological preparations for war, there is the fact that the Russians have done a great deal of building in the years I have been away, and are still working on a large number of grandiose projects for the embellishment of Moscow. They are very proud of the new buildings and improvements and it seems to me curious that they would continue to work so hard on these peaceful projects if they plan on a war in the near future. Furthermore there is a relatively large quantity of consumer goods in the shops and no apparent signs of hoarding. Such things as bicycles, motor-cycles, television sets, upholstering materials and other luxury goods are for sale at not unreasonable prices and there is no obvious indication that the number is likely to be reduced.

11. All this information is rather vague and inconclusive but it all helps to form bits of the puzzle and should not in my opinion be neglected.

12. Finally, I should like to report the views of some of the better-informed foreign diplomats on the possibility of maintaining peace. The most pessimistic view, that of Dr. Radhakrishnan, the Indian Ambassador, which I have reported separately in my despatch No. 151 of April 6,† is definitely a minority opinion. Briefly, he thinks that the Russians attach great importance to the question of a Four-Power conference and will consider the willingness of the West to reach an agreement

with the U.S.S.R. as a touchstone of their intentions. If the conference fails, he thinks the Russians may very well conclude that since the West does not intend to use its new armaments for diplomacy, then it intends to wage war; and the Russians may decide to forestall this by attacking at a time when they are relatively superior.

13. The United Kingdom, French, United States and Italian Ambassadors and most minor pundits here all believe, however, that the Russians have no intention of making war in the near future. Admiral Kirk thinks the Soviet leaders are fumbling around for some kind of a solution to the impasse. He thinks they are genuinely worried about the dangers of the situation but are not sure how to go about reaching a détente, or in fact on what points they wish to give way in order to reach a compromise.

14. The French Ambassador, M. Chataigneau, thinks this year at least will be spent in *pourparlers* of one sort or another, an opinion which is shared by Sir David Kelly. Both think the Russians are worried by the size of the opposition that has grown up in North America and Western Europe, but that they are not so panic-stricken as some people suggest, at least not to the extent of reacting impulsively to the continued growth of Western strength. The Italian Ambassador, M. Brosio, equally does not fear a war started by the U.S.S.R. in 1951 or 1952. After that, when western re-armament has reached its height, is the period he foresees as really dangerous, principally because in his view the European economy will not be able very long to stand the strain of supporting large standing armies. But he does not think the Russians are likely to launch a war even under very great provocation.

15. Another minority opinion may be of interest to you — that of the Finnish Minister, Mr. Sundström. He has been in Moscow since September 1945, and knows this country well. Though not a member of the Communist Party, he is pro-Russian and his views are often slightly suspect. On this question, however, what he has to say is not unimportant. He frankly scoffs at the idea that the Russians are frightened by Western re-armament. In his opinion the Soviet leaders are confident in their strength and ability and are not particularly worried by United States re-armament, which they exploit for propaganda purposes but which they explain away on the basis of Marxist economics (see my despatch No. 137 of March 29).† They are more worried by the prospect of German re-armament but they do not yet consider it a serious menace to the Soviet state. (I shall be writing at greater length on this subject in a subsequent despatch.) At the same time they have been greatly encouraged by the increase of Communist strength in China, and by the considerable economic recovery of the U.S.S.R. There have been set-backs for the Soviet Union but Mr. Sundström thinks that on the whole the Soviet leaders are still confident that they would be able easily to repel any invader. He does not believe they would launch a war, but equally he does not think they are particularly afraid that the West may attack them.

16. The theory of Mr. Sundström cannot be dismissed off-hand. We tend too often, I think, to assume that the Russians are frightened of North American and Western European military power, and might decide to forestall the inevitable capitalist attack on the U.S.S.R. by themselves attacking while they had a relative military edge. If Mr. Sundström is correct, the Russians do not want a major war, and

are sufficiently confident in their own strength that they can afford to let the West re-arm if it wishes. From then on the weight of re-armament would gradually force the collapse of the economies of the Western European countries, and create the conditions necessary for the overthrow of capitalism without the risk of war. If the West should eventually be so foolish as to attack the U.S.S.R. then the latter is fully competent to handle the situation.

17. To conclude, therefore, the balance of the evidence, and the consensus of opinion, here, is that, barring some unforeseen event, the Russians are not planning on an outbreak of general war in the near future. This does not take into consideration the possibility of further "limited" wars *à la Korée*, a question which I shall not go into in this despatch. I shall try to gauge the feeling in Moscow on this subject from time to time, and let you know if I detect any important changes.

R.A.D. FORD

926. DEA/7802-40

Le chargé d'affaires en Union soviétique
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union
to Secretary of State for External Affairs

DESPATCH 781 Moscow, November 28, 1951

SECRET

Reference: My despatch No. 735 of November 15, 1951.†

SOVIET FOREIGN POLICY

1. In my despatch under reference I gave my interpretation of the important speech by Beria on the 34th Anniversary of the Russian Revolution. In this despatch I should like to review briefly recent trends in Soviet foreign policy as they appear to me in Moscow.

2. I have had several recent discussions with the United Kingdom and United States Embassies on this subject and it might be useful first to outline the way they are currently thinking. The United Kingdom Embassy is inclined to believe that the Beria speech and the attitude adopted by the Soviet delegation at the General Assembly in Paris indicate that the Soviet authorities have now abandoned completely the idea of trying new tactics in order to attempt a lessening of international tension with the aim of slowing down Western rearmament. In the United Kingdom view the Soviet authorities have reverted unconditionally to their pre-June, 1951, line of an all-out diplomatic and propaganda attack on the Western powers.

3. Officials of the United States Embassy admitted that they have not done a review of Soviet foreign policy since last July. They defend this on the ground that one was hardly required since Soviet policy is fairly predictable. This does not particularly surprise me, in view of the fact that the United States Embassy has reached a rather low ebb as far as experts in Russian affairs are concerned, and

most of the present staff have their minds firmly made up about this country, though I think it is rather unfortunate the Embassy has no-one at this moment with a real knowledge and understanding of Russia.

4. As regards the British thesis, I have no doubt the Russians were putting out feelers a few months ago to see how tactics intended to lessen international tension would be received. The reaction in the West probably convinced them that such tactics were premature since the U.S.S.R. was not then prepared to make any actual concessions to the West. It seems to me the United Kingdom interpretation, however, is a little too categorical, particularly when one recalls that the British were prepared to go a great deal farther than the rest of us last summer in predicting that the U.S.S.R. would adopt a change of tactics.

5. How then can one interpret the "tough" line taken by Beria and Vishinsky this month, and the series of notes to the United States, United Kingdom, France, Italy, Norway, Turkey, Egypt and the other countries of the Near East, all of them extremely truculent and uncompromising? The British answer is that the Russians have abandoned any hope of a more friendly attitude achieving anything.

6. Superficially this certainly seems to be the case, but I wonder if there may not be another explanation. In the West we are convinced that we must build up a position of strength before we can negotiate successfully with the Russians. I think the Russians may be following a similar line of reasoning. They have lost a good deal of ground in the last year and a half, and they may therefore reason that they must create at least the illusion of strength, both internally and externally, before attempting to reach a settlement with the West. If looked at in this light, the Beria and Vishinsky speeches and the threats to other countries fall into this pattern.

7. In other words, the return to a policy of "fear" (cf. my despatch No. 498 of August 22, 1951)† may be only temporary, and may have as its aim the creation of the psychological atmosphere the Russians consider necessary for discussions in which they must know they would have to give more than they received. I think the logic in the argument that some time or another the U.S.S.R. must either decide to carry its present foreign policy through to its logical conclusion of war, or to adopt new tactics aimed at restoring more normal relations with the Western world, slowing down Western rearmament and possibly splitting the Western alliance, is pretty strong. It must be admitted, however, that it is the logic of a westerner trying to put himself in the position of a Russian, and this has often proved fatally wrong in the past.

8. The very brief and clumsy try which the Russians gave the second tactic last summer might indicate that it was agreed to only reluctantly and probably without any real conviction. In any case the San Francisco Conference forced the Russians at the very beginning of their experiment, if such it was, to choose between abandoning traditional Bolshevik tactics at the conference, or their new tactics, and there was never really any chance of their turning from Bolshevik principles.

9. The opponents in Soviet councils of "appeasement" probably argue that the governments of the Western powers are irrevocably committed to anti-Soviet policies, and that the North Atlantic bloc cannot be shaken by direct methods. As a result attempts to slow down rearmament or split the Western alliance by policies

aimed at influencing governments are a waste of time. The only way this can be achieved is by threats and direct action by the great masses of the people acting as brakes on their governments. This kind of reasoning is, I am afraid, more likely to appeal to the Soviet Marxist mentality. Otherwise the logic of a policy of appeasement seems to me overwhelming, and particularly more when there is some possibility for the Russians to achieve the aims they surely are after. The longer they put off the adoption of such a policy, the stronger the West will be, and the less likelihood they have of achieving any of their aims. In other words, a policy of appeasement by the Russians now might possibly succeed in slowing down rearmament and splitting the Western alliance. A policy of appeasement *after* the West has rearmed would be purely a defensive measure to prevent an outright attack on the Soviet Union. If, however, they are convinced the West will not attack them, the Russians might prefer to wait until the burden of rearmament in the West is greater, and then launch a policy of appeasement in order to accelerate the process of economic disintegration in the West.

10. To sum up, it seems to me that Soviet foreign policy at the moment has

(a) temporarily abandoned the policy of appeasement;

(b) returned to a tough line vis-à-vis the West with the aim of frightening the weaker members of the Western alliance, and slowing up the process of consolidation of the North Atlantic bloc in Europe and its extension into the Near East;

(c) attempted to create the feeling of a situation of strength, particularly vis-à-vis its own people in order to return to a policy of appeasement when it feels the psychological moment has come, possibly next Spring.

11. This, of course, is just guess work and I submit my conclusions with the usual admonitions.

[R.A.D. FORD]

SECTION B

NÉGOCIATIONS EST-OUEST
EAST-WEST NEGOTIATIONS

DEA/50160-40

927.

Note du sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum by Assistant Under-Secretary of State for External Affairs

SECRET [Ottawa], March 1, 1951

FORTHCOMING MEETING OF THE COUNCIL OF FOREIGN MINISTERS

Before approaching the subject of the coming Four-Power talks in the Council of Foreign Ministers, it may be worth putting on paper a few general considerations concerning negotiation with the U.S.S.R. In the present phase of the international crisis, the Western powers are attempting to follow two lines of policy simultaneously. On the one hand we are actively preparing to wage a defensive war and on

the other we are still pursuing negotiations aimed at staying off such a war. The Russians, for their part, appear to be pursuing a similar double policy. While no doubt they are preparing for war, they do not seem to have entirely abandoned the hope of gaining their objectives by out-manoeuvring the West round a conference table.

2. From the point of view of the Western democracies, this duality in policy presents difficult problems and leads to inevitable and sometimes dangerous contradictions. One policy is apt to get in the way of the other. In their attempts to arouse their peoples to a more urgent sense of the danger of the international situation, governments may heighten the very tension which they seek to mitigate by negotiation. On the other hand, by entering into negotiation, the Western governments run the risk that their populations may be lulled into the belief that the danger is past and that no great efforts or sacrifices are needed.

3. The likelihood of a false sense of security arising from negotiation with the Soviet Union is not perhaps at the moment a pressing problem. For the tension has now become so heightened between the Soviet Union and the Western world that any fruitful negotiation is almost excluded. Indeed, the real danger is that we may have passed the point at which genuine negotiation is possible. This increasing improbability of finding a basis for negotiation is in turn partly due to our appreciation of the increasing imminence of war. Questions which even a year ago might have been the subject of negotiation have now to be excluded from compromise because they are seen primarily from the strategic point of view. For example, until quite recently it might have been possible for the United States to envisage a compromise over Formosa, but at present, when the United States estimates that war with Communist China may be imminent, they are unwilling to take any chances over a strategic position which might be valuable to them in war. Similarly, on the Soviet side, there will be an increasing unwillingness to make any concession which their military advisors disapprove. When both sides are thinking in terms of an impending war, no serious progress is likely to be made in negotiation. For this reason, if negotiation is to be successful, it may have to be *preceded* by a relaxation in the present strained relations between the Soviet Union and the Western democracies.

4. This pessimistic estimate of the possibility of successful negotiation at the present time may not apply in full measure to negotiation with China over Far Eastern problems. There, other considerations are involved — in particular, the possibility that Peking may have interests opposed to those of the Kremlin. It is applicable primarily to negotiation with the Soviet Union over European problems.

5. Apart from negotiations limited either to the Far East on the one hand or to Europe on the other, there are from time to time suggestions that there should be negotiations on the world situation at the highest level — i.e., Truman-Stalin-Attlee talks. Such talks would probably be sterile or even dangerous at the present time. They might be contemplated in one of two sets of circumstances. First, they might take place in the unlikely event that preliminary negotiations with Peking over the Far East or over Europe in the Council of Foreign Ministers had attained a certain measure of success, so that the international tension was relaxed and the ground

prepared for a top-level review of the world situation. Even in that event the principle should be steadily maintained that Far Eastern questions should not be discussed with the Soviet Union in the absence of Communist China. Otherwise the Soviet Union would speak for China, thereby increasing the dependency of Communist China on the U.S.S.R.

6. Alternatively, top level meetings might result from an evident and immediate threat of war — e.g., an East German attack on Berlin or a satellite attack on Yugoslavia. There might be widespread public support in the West for a last gasp attempt at direct negotiation with Stalin. It is highly unlikely that a negotiation in such an atmosphere would be productive.

7. To turn from the hypothetical consideration of negotiations with the Soviet Union, the United Kingdom, the United States and France are faced with the early prospect of negotiation over European problems with the Soviet Union in the Council of Foreign Ministers. The chief purpose of this paper is to attempt some estimate of the objectives of the Soviet Union and the Western powers in entering upon this negotiation and the possibility of achieving a successful compromise.

Soviet Objectives

8. The paramount Soviet motive in demanding Four-Power talks probably is the prevention of West German rearmament. The Soviet means for attaining this end has already been publicly disclosed. It is to propose a unified and neutralized Germany, from which all Occupation troops have been withdrawn. If the Soviet Government could achieve this result, their maximum objective would have been attained. To gain this end, they might even be willing to make what are often called "genuine concessions" such as the acceptance of free and secret elections throughout Germany. It might indeed seem worth their while to do so, even at the cost of losing their grip on the East German zone, when one considers what the position of a unified and neutralized German government would be. It is true that if elections were free the German Communist Parliamentary representation would be relatively small. It would, however, be more powerful than the West German Communist Party is today in relation to the Bonn Government. Moreover, it is quite doubtful whether the present Adenauer Government would survive all-German elections. Some new and weaker combination, less committed to the West, might come into office. The West German politicians who have publicly accepted the principle of German rearmament and alignment with the West would inevitably be weakened and discredited if the principle of a neutralized Germany were accepted. In this connection it should be emphasized that the West German Government, with every encouragement from the Western Occupying Powers, have already committed themselves very explicitly to the proposition that the neutralization of Germany would mean the absorption of Germany into the Soviet bloc.

9. In the event of the neutralization of Germany, the German masses, with their instinctive respect for power as such, might be expected to turn towards the East and away from the West, which they would feel had retreated in the face of Soviet pressure and abandoned its German supporters. A weak, unstable, inexperienced German Government would be installed in Berlin. The very fact that it was in Berlin and no longer in Bonn would be a physical symbol of the shift of German orien-

tation from West to East. Such a government would, of course, be subjected to continuous Communist pressure within Germany and Soviet pressure upon Germany. It might take some time for this unified and neutralized Germany to drift into the Soviet sphere of influence but its direction would be charted from the day of its creation. If there was any doubt about its eventual destination the Russians could always play their winning card — the offer to return the lost Eastern territories to Germany in exchange for Germany's entry into the Soviet bloc. The Kremlin would, of course, have no hesitation in making such an offer and would have no regard for the promises they have made to the Poles. Thus the historic martyrdom of Poland for the benefit of Russia and Prussia would once again be re-enacted and Soviet influence would extend to the Rhine with German industry and German manpower finally attached to the Soviet orbit. This has been the nightmare of the Quai d'Orsay ever since the conclusion of the last war.

10. As such a development would so obviously fit the Russian book, the Soviet Government cannot have much anticipation that the Western powers would accept such a proposition. They may, however, hope, as a result of the forthcoming negotiation, to make some progress towards this eventual aim. They could hope to achieve a psychological victory which might be important in softening up West German opinion so as to make the attainment of this aim easier in the end. This they might do if they could convince the West German population that the Soviet Government had put forward sincere proposals for the unification of Germany on democratic lines and for the withdrawal of all occupation troops. It is true that they tried this trick at the last meeting of the Council of Foreign Ministers on Germany and on that occasion the West German people did not respond. This time, however, the Soviet Government, as has already been suggested, may be prepared to go much farther in the way of concessions. Moreover, in the interval a new element has been injected into German public opinion in the shape of the rearmament issue. There is no doubt a good deal of genuine resistance to the idea of rearmament in Western Germany. There is also a very lively fear that inadequate rearmament may prove provocative and invite Soviet attack. The idea of neutralization is bound to have a very natural attraction for many Germans who hope to prevent Germany once more becoming the battleground in another war. Even, therefore, if the negotiation broke down without the Soviet Government attaining the objective of a unified and neutralized Germany, it might leave behind it a deeply disturbed and divided public opinion in Western Germany, thus sowing the seeds of trouble for the future.

11. Pressure on West German public opinion is, of course, only part of a vaster Soviet manoeuvre to convince world opinion that the Soviet Government is willing to go more than half-way in making concessions in order to gain its principal avowed objective — world peace — and that it is only thwarted in this aim by the obstructiveness of the Western powers. The forthcoming Council of Foreign Ministers will be used by the Soviet Government as a further occasion to demonstrate this cardinal propaganda point.

12. The Soviet Union has every reason to concentrate attention on the problem of German rearmament and, if possible, to separate this problem from its context of Soviet aggressive policies elsewhere, for the prospect of German rearmament

awakens echoes of fear in all of Germany's neighbours, whether free or Soviet-dominated. On this issue — more perhaps than on any other — the Soviet Government can count upon the genuine and unforced support of its European satellites. Meanwhile the hesitations of France over German rearmament have been unfortunately underlined in public by the precipitate and blundering presentation of this issue in the North Atlantic Council. It may be anticipated that Soviet pressure on France as the weakest link in the chain of Occupying powers will be redoubled in the period preceding and during the meeting of the Council of Foreign Ministers. At the present moment, however, Soviet pressure is focussed on the United Kingdom. The emphasis of Stalin's *Pravda* interview, followed by the most recent Soviet note to the United Kingdom, seemed dictated by the hope of splitting the British Labour Party on the issue of rearmament. The deeper Soviet motive, however, may be to drive a wedge between the United Kingdom and the United States. Perhaps we may anticipate the compliment of a special initiative of the same kind directed towards Canada. Stalin's specific mention of Canada as bracketed with the United States as a chief aggressor may foreshadow further attention to this country, in which case we shall probably be cast for the role of American satellite No. 1.

13. Indeed, the division of the present Western coalition is a primary — perhaps *the* primary — objective of Soviet foreign policy. It may be that it takes precedence even over the prevention of German rearmament in Kremlin calculations. Certainly the Soviet Government hopes to capitalize on the issue of German rearmament as that most likely to divide the West and this is no doubt one of their principal reasons for wanting a Four-Power meeting on Germany at this time.

14. Soviet political strategy is of course organized on a global scale. It is not possible to separate Soviet policies in the Far East from Soviet policies in Europe. The Soviet Government is expert in applying indirect pressures at unexpected points. The negotiation in the Council of Foreign Ministers may well be accompanied by such intensified pressures, perhaps at points as remote from each other as Yugoslavia and Indo-China.

Western Objectives

15. As is so often the case in relations between the West and the Soviet Union, the three Western powers have been placed on the defensive by Soviet pressure for a meeting of the Council of Foreign Ministers. They have little hope of gaining anything from the forthcoming meeting and foresee considerable difficulty and even danger arising out of the negotiation. In such circumstances the aims of the three Western governments may be restricted to the following:

(a) to prove to their peoples that they are willing to make every effort, however slim its chances of success, to achieve an honourable compromise;

(b) to gain time while hastening their defence preparations;

(c) to attempt in the course of negotiation to penetrate Soviet intentions;

(d) the faint hope that the Soviet Union may be prepared to consider a genuine compromise settlement.

16. As to Western tactics at the Council meeting, the identical notes addressed by the United Kingdom, the United States and France to the Soviet Government have

already revealed that their objective will be to widen the ground of discussion to include subjects other than Germany. They have already succeeded in obtaining a grudging Soviet consent to discuss other European issues. The Western powers will attempt to concentrate discussion on the broad topics of aggressive Soviet foreign policy and of heavy Soviet armaments as a threat to the West. They will attempt to put in the forefront of the negotiation such questions as the rearmament of the satellite states and the unjustifiable Soviet record over the Austrian Peace Treaty. The contradiction between Soviet peace protestations and the vast Soviet armed forces gives an obvious opening to Western propaganda. The emphasis which Stalin in his *Pravda* interview gave to Soviet demobilization suggests that it is worth hammering away at this glaring inconsistency.

17. Over the question of Germany, one of the principal objects of the Western negotiators should be to return to the offensive and to put forward their own plan for German unification on democratic lines and to make such a plan appear both genuine and attractive to the Germans. This may be very difficult if the Soviet Government is willing to make substantial concessions over such questions as free elections. Moreover, the Western powers cannot match the Soviet proposal for the neutralization of Germany. To do so would mean the withdrawal of Western Occupying forces. The probable consequences of such a policy at this time have already been indicated and it is to be presumed that the Western powers have no intention of following it. This, however, does not solve the dilemma in which they will find themselves from a propaganda point of view, if the Soviet Government offers to withdraw its forces from Eastern Germany. Various proposals have been suggested in different quarters which the Western powers might put forward in an attempt to counter the Soviet position. One of these was canvassed in a recent article in *The Economist*, which proposed that the "Austrian solution" might be applied to Germany — i.e., that there might be nationwide democratic elections in Germany leading to a unified government but that all four Occupying powers should continue to maintain Occupation forces in their respective zones. *The Economist* argues that the advantage of such a proposal would be that the Western powers would have made a positive proposal for German unification while at the same time avoiding the dangers implicit in the withdrawal of the Occupation forces.

18. Another suggestion has been put forward by Mr. Walter Lippman, who is in fact reviving an old idea when he proposes that Occupation troops should be withdrawn from a wide central zone in Germany to the German borders and that within unoccupied Germany a unified and democratically elected government should be established, accompanied by the neutralization of Germany.

19. Such ideas and other compromise solutions are worth considering if the Western powers are not to restrict themselves in the forthcoming negotiation to the purely negative process of demonstrating the insincerity of the Soviet proposals. One cannot, however, be very optimistic about reaching real agreement with the Russians on the basis of either of the two suggestions noticed above.

20. The West German Government have already emphasized that they desire to be kept in close touch by the Western Occupying powers with the progress of a negotiation which so closely affects their destinies. They may even propose that

they should be represented at the Council meeting when Germany is under discussion. In any case, it will be essential for the Western powers to keep continually in mind the views of the West German Government and the reactions of West German opinion to the proposals before the Council, for this session of the Council will develop into a struggle to influence German opinion.

21. The question of timing is important in relation to the forthcoming meeting, both from the Soviet and the Western point of view. It has already been suggested that the timing of the Soviet demand for a meeting of the Council of Foreign Ministers has no doubt been carefully calculated in relation to Soviet moves in other parts of the world. From the Western point of view it would appear desirable to spin out the forthcoming negotiation over the spring and perhaps the early summer. If the Council meeting does not collapse entirely, the Council might adjourn and meet again later. In any case it may be as well for the West to keep in diplomatic negotiation with the Soviet Government at a high level during this period, which is estimated to be a dangerous one from the viewpoint of a possible Soviet attack in Europe. It is always possible, of course, that the breakdown of negotiation might be the signal for such a Soviet attack, although this seems somewhat unlikely.

22. The appraisal attempted in this paper does not leave much room for optimism about the outcome of the Council meeting. It seems more than doubtful that agreement could be reached on the unification of Germany at this time. Perhaps the most that could be hoped for from the forthcoming negotiation might be a tacit agreement to disagree, if this were accompanied by a relaxation in the present tension. It might be just possible to envisage the setting up of a Working Group to explore some of the problems arising out of the Council meeting pending further consideration by the full Council. If this were accompanied, for example, by a relaxation of Soviet pressure on Yugoslavia and a more accommodating atmosphere in other spheres, and perhaps on the Western side by a slowing up of the tempo of German rearmament, it might produce an atmosphere of détente in which further and more productive negotiation could take place. Such a development seems a fairly remote contingency. Yet the Western powers must recognize that a divided Germany is a continuing threat to the peace of Europe and that German rearmament is not in itself a desirable phenomenon. While not abandoning the hope of attaining a *modus vivendi*, they cannot, however, at this stage and in the present atmosphere consent to the creation of a unified and neutralized Germany from which the Occupation forces have been withdrawn. To do so would be to invite the collapse not only of the West German Government but of the whole North Atlantic Treaty structure in Europe.

23. So far as the Canadian attitude towards these negotiations is concerned, while we will not of course be directly involved it looks as though we might have a more satisfactory opportunity to contribute our views on the forthcoming Council session than we have had in the past. The political discussions in the North Atlantic Council Deputies may give an opportunity for an interchange of ideas to which Deputies of the North Atlantic Treaty Governments, other than the three Occupying powers, can contribute. The Occupying powers have already circulated to the Council Deputies their communications in reply to the Soviet Government's note regarding the Four-Power meeting. The Deputies have on their agenda an item which involves

discussion of the line which the three Occupying powers propose to take at the Council of Foreign Ministers. The North Atlantic Council itself, according to our latest information, will not in all probability be meeting until after the Council of Foreign Ministers has met.

24. At previous sessions of the Council of Foreign Ministers, Canadian views have been communicated through the diplomatic channel in Paris, London and Washington. While they have often contained sound ideas, they have too often taken the form of a generalized essay, which has made little impression on those busy with the day to day work of negotiation in the Council of Foreign Ministers. On this occasion, if there is any extended preliminary discussion in the Deputies of the subject matter of the Four-Power talks, we may have an opportunity to communicate our views to Mr. Wilgress from time to time as the discussion develops. In this way the Canadian point of view may be brought to the attention of the three Occupying powers in a more precise and realistic fashion than in the past.

C.S.A. R[ITCHIE]

2e PARTIE/PART 2

RELATIONS AVEC DES PAYS DE L'EUROPE DE L'EST
RELATIONS WITH EASTERN EUROPEAN COUNTRIES

SECTION A

YOUGOSLAVIE
YUGOSLAVIA

SUBDIVISION I/SUB-SECTION I

RETOUR AU CANADA DES PERSONNES JOUISSANT DE LA DOUBLE NATIONALITÉ
RETURN TO CANADA OF DUAL NATIONALS

928.

DEA/7541-40

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], January 29, 1951

The Cabinet directive of May 9, 1950, and a subsequent modification, provided that travel documents may only be given to Canadian dual nationals in Yugoslavia whose return to Canada would not be contrary to the public interest.[1] This policy has resulted in great administrative difficulties and for months past the Legation at Belgrade has been over-taxed in screening applicants and trying to determine

[1] Voir/See Volume 16, Document 1003.

whether or not they have recanted their former Communist faith. In many cases, it has been virtually impossible for the Legation to reach any firm conclusion.

2. The difficulties have recently been accentuated by an apparent modification of Yugoslav policy whereby exit permits which formerly were only rarely granted are now being given somewhat more freely. Up to now, we have been able to make a more or less stock reply to enquiries from relatives in Canada, basing ourselves on the unwillingness of the Yugoslav Government to cooperate. It is evident, however, that we cannot continue to do so and will sooner rather than later have to admit that it is not the Yugoslav Government but the Canadian Government which is preventing the return of the people concerned.

3. A further difficulty arises from the fact that the United States and the United Kingdom are treating their nationals in Yugoslavia primarily as their own citizens irrespective of whether or not they are dual nationals in law.

4. As the Canadian Citizenship Act stands, and under any foreseeable amendment, there is no prospect of any of these persons being deprived of their citizenship during the next two years, or of natural-born citizens losing their Canadian status.

5. From the security standpoint the risk involved in the readmission of these people may be regarded as being of minor degree.

6. It is concluded therefore that the balance of advantage lies in adhering to the generally recognized principle of treating dual nationals like all other citizens by granting them travel documents to permit them to leave the country of other nationality to return to Canada. Approval of this policy, however, would not preclude reference to Cabinet for authority to refuse travel documents in exceptional cases where the security risks involved were known to warrant such action.

7. This memorandum has been concurred in by all the interested divisions of the department, i.e., European, Consular and Defence Liaison (2).[2]

A.D.P. H[EENEY]

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[2] Note marginale :/Marginal note:
Minister
(a) can Yug[oslav] govt facilitate surrender of Yug[oslav] citizenship?
(b) can we have assurances that Immig[ration] will admit?
(c) has Cdn Leg[ation], Belgrade all available info[rmation] re Communist activity in Canada?
(d) meantime permit entry (subject to b) *unless* security info[rmation] con A.D.P.H[eeney] Feb 5

929.

DEA/7541-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État suppléant aux Affaires extérieures et le chef de la Direction des affaires consulaires

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

SECRET

[Ottawa], February 5, 1951

You will see my notes on the attached memorandum of January 29th for the Minister regarding *Canadian dual nationals in Yugoslavia.*

2. Subject to assurance in each case that Immigration authorities will admit individual applicants to Canada, the Minister is prepared to have an administrative instruction given to our Legation in Belgrade to accept applicants in this category *unless* there is specific reason for concluding that they are likely to engage in subversive activities in Canada. That is, we may revert to the previous regime under which our attitude was that there was a *prima facie* case for acceptance defeasible by evidence of undesirability.

3. Mr. Pearson is, however, unhappy at the criticism which he feels sure will result if we facilitate the return to Canada of those whose activities in the past have been subversive, even if we have reason to think that they have recanted their former views.

4. Mr. Pearson wishes us to make sure that our Legation in Belgrade has available all the information that there is in the government's possession concerning Communist activities by persons in this category.

5. The Minister wishes us to ascertain whether the Yugoslav authorities are prepared to facilitate the surrender in such cases of Yugoslav citizenship.

A.D.P. H[EENEY]

930.

DEA/7541-40

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

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

SECRET

[Ottawa], June 13, 1951

The Amendments to the Canadian Citizenship Act which became law on May 31, 1951, raise a number of problems in connection with the naturalized Canadians of Yugoslav origin who returned to that country on the *Radnik* during 1947. It is now possible, under the new provisions to revoke the citizenship of any person who

"(d) has, since becoming a Canadian citizen or being naturalized in Canada, been for a period of not less than two years ordinarily resident in a foreign country of which he was a national or citizen at any time prior to his becoming a

Canadian citizen or being naturalized in Canada and has not maintained substantial connection with Canada;"

Almost all the *Radnik* expatriates would be covered by this section or by other sections of the Citizenship Act as now amended.

It was anticipated in the Cabinet Minute of May 3† that this problem might be dealt with by yourself together with the Minister of Citizenship and Immigration and that the Security Panel could then be consulted if this were thought desirable. I believe, however, that the matter can be settled in your absence by agreement between the appropriate officers of the two Departments concerned and the R.C.M.P. I suggest that in general we bear the following points in mind in dealing with this subject.

It may not be desirable to apply the new regulations too strictly. As you know, these amendments are retroactive. Therefore, those dual nationals now in Yugoslavia who have a claim to Canadian Citizenship have not been given any warning of the necessity to protect their status under the Act as now amended. Many of these people have Canadian-born children, many of them have had their applications for travel documents held up by our present procedures for dealing with these cases, and most of them would not represent any serious security risk if allowed to return to this country. In addition the political situation has changed so much since 1947 that relations between Canada and Yugoslavia are now on an entirely different basis.

Therefore apart from the new administrative arrangements which will have to be established, I suggest that we continue to deal with this problem much as we have done up to the present by allowing the return of those naturalized Canadians of Yugoslav origin who would not constitute a serious subversive risk in Canada. There will of course be some cases where we will wish to begin revocation proceedings immediately and our attitude towards those who apply to the legation in Belgrade will be much more strict in the future than it has been up to the present. But I believe that it would be unreasonable to revoke indiscriminately the citizenship of the *Radnik* dual nationals.[3]

A.D.P. H[EENEY]

[3] Notes marginales :/Marginal notes:
I agree—but we must be *very careful* not to lose any opportunity to take Canadian citizenship away from those now in Yugoslavia who *have shown* that they do not deserve it. L.B.P[earson].
Mr. Reid Def[ence] Lia[ison] 2 Cons[ular] Division: see Minister's observation A.D.P.H[eeney] June 16

931.

DEA/7541-40

Note de la 2ième Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures[4]
Memorandum from Defence Liaison (2) Division to Under-Secretary of State for External Affairs[4]

CONFIDENTIAL

[Ottawa], July 23, 1951

I attach a memorandum outlining provisional agreement between External Affairs, Citizenship and Immigration and R.C.M.P. on the procedure to be followed in implementing Section 19(1)(d) of the newly amended Canadian Citizenship Act which reads as follows:

"19(1) The Governor in Council may, in his discretion, order that any person other than a natural born Canadian citizen shall cease to be a Canadian citizen if, upon a report from the Minister, he is satisfied that the said person either ...

(d) has, since becoming a Canadian citizen or being naturalized in Canada, been for a period of not less than two years ordinarily resident in a foreign country of which he was a national or citizen at any time prior to his becoming a Canadian citizen or being naturalized in Canada and has not maintained substantial connection with Canada;"

2. You will recall that this amendment was designed to allow action to be taken to prevent the return to Canada of Canadian citizens with unfavourable security records who had left this country to reside in the country of their former nationality.

3. The administrative application of Section 19(1)(d) presents no difficulties in general, but its application to those Canadian-Yugoslav dual nationals who returned to Yugoslavia on the *Radnik* in 1947 and 1948 requires special consideration. There appears to be no doubt that the effect of Section 19(1)(d) in this respect is to substitute a procedure, based on statutory requirements, within the competence of the Minister of Citizenship and Immigration for an administrative practice dependent upon the exercise of the Royal Prerogative at the instance of the Secretary of State for External Affairs. If you concur, therefore, it is proposed that hereafter the denial of travel documents to Canadian citizens in Yugoslavia as in all other Communist countries will, in this context, be based upon the results of the proceedings in revocation and if it is decided that the citizenship of a person in this category is not to be revoked that decision will constitute sufficient grounds for granting the passport in the usual manner.[5]

4. You will notice from paragraph 3 of the attached memorandum that the Registrar undertook to obtain his Deputy Minister's agreement to permitting Canadian-Yugoslav cases, concerning which Defence Liaison had already reached a favourable decision regarding the granting of travel facilities, to proceed as usual. Late

[4] Note marginale :/Marginal note:
Mr. Léger: see my notes & follow up please. A.D.P.H[eeney] July 27

[5] Note marginale :/Marginal note:
This would be acceptable. [A.D.P. Heeney]

Friday afternoon just before his Deputy Minister proceeded on leave (until August 1) the Registrar reported that Mr. Fortier would prefer that we withhold the granting of travel facilities (passports of "returning Canadian" visas) until such time as the manner of implementing Section 19(1)(d) had been finally decided upon by his Minister in consultation with Mr. Pearson, even though our decisions may, in individual cases, have been reached some time ago. If you concur with this point of view, I should be grateful if you would initial the attached draft telegram† to Belgrade.[6] As there have been cases in which Canadian-Yugoslav dual nationals have had favourable R.C.M.P. reports, provision has been made for special consideration for these particular individuals for whom the withholding of travel facilities may well cause great hardship.[7] Although permitting such persons to return without the institution of revocation proceedings is contrary to paragraph 2 (a) of the attached memorandum, I do not consider that any harm would result. I should add that Mr. Fortier has still an open mind about reference of persons under 19(1)(d) to a Commission for Inquiry when their R.C.M.P. reports are clear, although the Registrar was definitely instructed by him to press for agreement at our meeting for the reference of all cases to a Commission to which we provisionally acquiesced with reluctance.[8]

K.P. KIRKWOOD

[PIÈCE JOINTE/ENCLOSURE]

Note[9]

Memorandum[9]

CONFIDENTIAL [Ottawa], July 23, 1951

IMPLEMENTATION OF SECTION 19(1)(D) OF THE CANADIAN CITIZENSHIP ACT

As the result of an exchange of correspondence (copy attached) between the Department of External Affairs and Citizenship and Immigration dated June 27† and July 10† a meeting was held on July 19 at which the following were present:

Mr. J.E. Duggan—Registrar of Canadian Citizenship
Inspector W.J. Monaghan—Special Branch, R.C.M.P.
Mr. E.H. Gilmour—Consular Division, External Affairs
Mr. J.G. Hadwen—Defence Liaison Division, External Affairs
Mr. T. Wainman-Wood—Consular Division, External Affairs.

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[6] Note marginale :/Marginal note:
I agree. [A.D.P. Heeney]

[7] Note marginale :/Marginal note:
This is important. [A.D.P. Heeney]

[8] Notes marginales :/Marginal notes:
Apparently we have to stop all visas and passports for the moment but I would suggest another meeting with Citizenship as early as possible in order to give us some leeway to give facilities to those already cleared. [T.L.] Carter
I agree—please press on with this. A.D.P.H[eeney] July 27

[9] Note marginale :/Marginal note:
Approved. July 27 A.D.P.H[eeney]

2. Provisional agreement was indicated, subject to approval of the Departments concerned, on the following points and procedures which are of interest to External Affairs:

(a) Section 19(1)(d) will be invoked against all Canadian citizens abroad (other than national born) who are found to have resided for a period of not less than two years in the country of their former nationality when that country is the Soviet Union, Poland, Czechoslovakia, Hungary, Bulgaria, Roumania, Albania, Yugoslavia or China.

(b) Section 19(1)(d) will not ordinarily be invoked against Canadian citizens who reside in the country of their former nationality when that country is not included in (a) above except in the event that there is reason to believe that the conduct of such persons is prejudicial to the best interests of Canada.

(c) Whenever persons falling within (a) and the exception noted in (b) come to the attention of Canadian posts abroad, an appropriate report will be made by them to the Registrar of Canadian Citizenship in order that revocation proceedings may be instituted. Any travel documents which such persons may have in their possession at that time will not, as a rule, be impounded until their citizenship is revoked. However, new passport facilities will not be granted unless the Revocation Commission recommends against revocation in which event they will be extended in the normal manner.

(d) Persons coming within (b) above concerning whom a post has no derogatory information may be informed, should they enquire, that so long as their conduct is not prejudicial to the best interests of Canada they will have no occasion to apprehend that Section 19(1)(d) will be invoked against them.

(e) When reporting to the Registrar of Canadian Citizenship in accordance with (c), posts will, as usual provide External Affairs with a copy of their letters. If External Affairs has a file (other than a passport file) on the person concerned it will, with the Under-Secretary's approval, be forwarded on the basis of administrative convenience to the Registrar for information. The Registrar will obtain a security report from the R.C.M.P. and request the post to serve a Notice of Intention to Revoke. In due course a Commission for Inquiry will be held (unless one is not requested by the person concerned) and a decision reached on revocation of citizenship. In the case of persons of (former) Yugoslav nationality, however, when forwarding the Notices of Intention the Registrar will also ask Belgrade to interview them and express an opinion on their political views and possible future subversive tendencies. In order to assist Belgrade in making this assessment, a summary of the R.C.M.P. report will also be furnished. Reports from Belgrade and the contents of External Affairs files will be treated by the Registrar (and the Commission) in the same manner as full security reports provided by the R.C.M.P.

3. Mr. Duggan undertook to secure his Deputy Minister's agreement to withholding the operation of Section 19(1)(d) in the case of those Canadian-Yugoslav dual nationals who left Canada on the *Radnik* for whom External Affairs had, *before July 21, 1951*, decided to authorize travel facilities under previously established criteria.

4. External Affairs suggested that, since Yugoslavia is no longer considered an Iron Curtain country and since the relationship of that country with the Western nations has improved since 1948, it should not be necessary to treat the Canadian-Yugoslav dual nationals in exactly the same manner as the nationals of Cominform countries for the purposes of Section 19(1)(d). In his letter of July 10,† the Deputy Minister of Citizenship and Immigration expressed provisional agreement with that point of view which was set forth in the External Affair's letter of June 27.† However, the Registrar of Canadian Citizenship indicated at the meeting that after the Deputy Minister's letter had been sent the latter had indicated to him that he wished all these cases to be referred to a Commission for Inquiry. In discussion, External Affairs indicated that it had contemplated a procedure whereby Citizenship and Immigration could decide not to submit those cases to a Commission where the persons' records showed that they had not been active communists before leaving Canada and who on return would not be likely to constitute a serious security risk. In advancing this view, External Affairs had in mind the idea of preserving a degree of continuity between the criteria under which the refusal of passport facilities for return to Canada has been based up to now through the exercise of the Royal Prerogative and the criteria which would govern revocation in the future under statutory requirements. It is, however, appreciated that, as Yugoslavia is still a communist state, it may be difficult for Citizenship and Immigration, which is, since the amendment of the Canadian Citizenship Act, vitally concerned with domestic reaction to the return of these people, to reflect in its decisions the important change which has taken place in the international scene.

5. The meeting also discussed the security problems which would arise when the Commission for Inquiry began to consider evidence supplied by the R.C.M.P. and agreed that these could best be worked out by direct consultation between the R.C.M.P. and Citizenship and Immigration.

DEA/7541-40

932.

Le chef de la Direction des affaires consulaires au sous-ministre de la Citoyenneté et de l'Immigration

Head, Consular Division, to Deputy Minister of Citizenship and Immigration

SECRET AND PERSONAL

Ottawa, September 6, 1951

My dear Laval [Fortier],

I am venturing to write you quite personally on a subject which I had hoped to bring over to you for discussion but have found it difficult to do so.

I understand that in my absence there were considerable discussions about the method of implementing Section 19(1)(d) of the Canadian Citizenship Act as amended at the last session. Since my return to Ottawa we have been trying here to draw up some sort of proposed procedure by which cases coming under this Section could be dealt with in a way acceptable to both our Departments. We have evolved the attached as a first draft.

I realize, naturally, that the implementing of this legislation comes entirely within your sphere and I approach the subject in consequence with a good deal of diffidence. You will understand, however, that the External interest in this matter is by no means academic. We are charged with the inescapable responsibility for the protection of Canadian citizens abroad and that, of course, inevitably embraces the provision of travel documents. It is, generally speaking, exceedingly difficult for our officers to refuse travel facilities to Canadian citizens, particularly when such facilities are required to return to Canada, to which country Canadian citizens have after all an inalienable right of admission. It is, in my own personal view, very doubtful if we are on very substantial ground in refusing travel documents even to those Canadian citizens whose citizenship is the subject of revocation proceedings. My doubts are greatly enhanced unless we are able to demonstrate that revocation procedures operate swiftly to conclusion. In short, we cannot go on refusing travel facilities to Canadian citizens over long periods of months on the ground that the revocation of their citizenship is under consideration. Very broadly, a citizen of a country is entitled to travel documents from his country so long as he remains a citizen of that country.

Subject to the above, I do not think that any very serious difficulties would arise for External out of the submission to a Commission of Enquiry of all cases of Canadian citizens coming under this Section who have been residing in Iron Curtain countries for two years or more. In such cases our interest is a good deal less than it is concerning those which arise in countries outside the Iron Curtain. Even in Iron Curtain countries, however, we must obviously provide for adequate consideration in special cases and there is always the over-riding importance of swift justice.

Yugoslavia presents a special and peculiar problem at this time. However, one aspect of the Yugoslav case is clear. We can scarcely go on regarding Yugoslavia as an Iron Curtain country. I was, as you know, in Belgrade in June and I saw a number of the Canadian-Yugoslav dual nationals who want to come back. I can only say about them that while there are doubtless some bad actors among them the vast majority are disillusioned dupes whose security importance must be very slight indeed. They present a considerable and pressing problem to the very small Mission staff. From 9.00-1.00 daily, except on Saturdays, they crowd the one outer office and, of course, each one has to be dealt with carefully and at some length. They take up the full time of an Officer who is, incidentally, the only Officer at the Mission besides the Chargé. I am sure that you will agree that we have to devise some means acceptable to both Departments by which we can clean up quickly this particular aspect of the problem.

I have ventured to write you in this quite personal way and to send you the attached in the hope that you will be good enough to give it your personal consideration and to let me know when it would be convenient for us to get together and perhaps discuss it in a somewhat more official atmosphere.

With kindest regards.

Yours sincerely,

LESLIE CHANCE

[PIÈCE JOINTE/ENCLOSURE]

[Ottawa], September 6, 1951

PROPOSED PROCEDURE FOR IMPLEMENTATION OF SECTION 19(1)(D) OF THE CANADIAN CITIZENSHIP ACT

Reference: Memorandum of July 23, 1951 regarding the implementation of Section 19(1)(d).

It is recommended that:

(a) Section 19(1)(d) be ordinarily invoked against Canadian citizens (other than natural born) who are found to have resided for a period of not less than two years in the country of their former foreign nationality when that country is: the Soviet Union, Poland, Czechoslovakia, Hungary, Bulgaria, Roumania, Albania and China;

(b) Section 19(1)(d) be *not* ordinarily invoked against those persons who reside in the country of their former foreign nationality when that country is not included in (a) above *except* in the event there is reason to believe that the conduct of such persons is prejudicial to the best interests of Canada;

(c) Whenever persons falling within (a) and the exception noted in (b) come to the attention of Canadian posts abroad, an appropriate report should be made by them to the Registrar of Canadian Citizenship in order that revocation proceedings may be instituted; travel documents already in their possession should not be impounded (until their citizenship is revoked) but new passport facilities should not be granted to them unless the Revocation Commission recommends against revocation;

(d) Persons coming within (b) above concerning whom a post has no derogatory information may be informed, should they enquire, that as long as their conduct is not prejudicial to the best interests of Canada they will have no occasion to apprehend that Section 19(1)(d) will be invoked against them; and

(e) When reporting to the Registrar of Canadian Citizenship in accordance with (c), posts should, as usual, provide the Department of External Affairs with a copy of their correspondence. (If External Affairs has a file, other than a Passport file, on the person concerned it will, with the Under-Secretary's approval, be loaned to the Registrar for information, the file being treated by the Registrar in the same manner as security reports received from the Royal Canadian Mounted Police).

2. It is further recommended that Section 19(1)(d) be invoked against Canadian citizens (other than natural born) of former Yugoslav nationality who have resided in Yugoslavia for a period of not less than two years but that a different procedure be followed from that set forth in paragraph 1 above.

3. The procedure envisaged by paragraph 2 is as follows:

(a) The Embassy in Belgrade will report to the Department of External Affairs those persons falling within Section 19(1)(d) who come to their attention;

(b) The Department of External Affairs will secure from the Royal Canadian Mounted Police a security report and will then present the case to an *ad hoc* inter-

departmental committee, composed of representatives of the Departments of Citizenship and Immigration and External Affairs and R.C.M.P., which will decide:

(i) that on security grounds the individual does not constitute a serious risk; or

(ii) that the individual does constitute a serious security risk; or

(iii) that more information is required before a decision can be reached;

(c) The Department of External Affairs will, in the event of a decision under (b)(i) above, instruct Belgrade to grant travel facilities;

(d) The Registrar will, if the decision of the committee comes under (b)(ii) or (b)(iii), provide the Department of External Affairs with a Notice of Intention to Revoke. The Department will forward the Notice to the Embassy together with a summary of the R.C.M.P. report. The Embassy will serve the Notice and interview the individual, returning the completed Questionnaire and a report of the interview to the Department;

(e) The Department of External Affairs will, when report and Questionnaire are received from Belgrade forward them direct to the Registrar for further action when the case comes within (b)(ii); if the case is one falling within (b)(iii), these documents will be presented to the *ad hoc* committee to assist the determination of their final decision prior to forwarding them to the Registrar for retention.

The Department of External Affairs will not authorize travel facilities for persons coming within paragraph 2 unless a favourable decision is reached under 3(b) or the Revocation Commission recommends against revocation.

4. As a matter of interest it should be noted that, up to the end of June 1951, 313 Canadian Citizens who went to Yugoslavia on the *Radnik* have been granted travel facilities to return to Canada. There is another group of some 40 to 60 persons whose return has been authorized but who may not yet have been granted "Returning Canadian" visas. Of the latter group some individuals had, before July 28, been informed that authorization for their return had been granted. As the Mission reported that to suspend these particular authorizations would result in great hardship, instructions were sent to Belgrade permitting "Returning Canadian" visas to be issued to them. It is recommended that the suspension of the remainder of the authorizations granted by the Department of External Affairs to the second group be lifted. It should be added that, since July, External Affairs has not made any decisions on new cases or those old ones which had not by that time been fully processed.

PCO

933.

Note du secrétaire d'État aux Affaires extérieures et du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Secretary of State for External Affairs and Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 383-51 Ottawa, October 5, 1951

CONFIDENTIAL

REVOCATION OF CITIZENSHIP UNDER SECTION 19(1)(D) OF THE CANADIAN CITIZENSHIP ACT

1. Section 19(1)(d) of the Canadian Citizenship Act was amended this year to enable revocation proceedings to be taken after two years' absence from Canada (instead of six as formerly), in the case of the person who returned to the country of which he was a national or citizen prior to becoming a Canadian citizen or being naturalized in Canada, and who failed to maintain substantial connection with Canada.

2. Careful thought has been given to the extent to which this provision should be invoked, and it is recommended that:

(a) Section 19(1)(d) be ordinarily invoked against Canadian citizens (other than natural born) who are found to have resided for a period of not less than two years in the country of their former foreign nationality when that country is: the Soviet Union, Poland, Czechoslovakia, Hungary, Bulgaria, Roumania, Albania and China;

(b) Section 19(1)(d) be *not* ordinarily invoked against those persons who reside in the country of their former foreign nationality when that country is not included in (a) above *except* in the event there is reason to believe that the conduct of such persons is prejudicial to the best interests of Canada;

(c) Whenever persons falling within (a) and the exception noted in (b) come to the attention of Canadian posts abroad, appropriate report shall be made by them to the Registrar of Canadian Citizenship in order that revocation proceedings may be instituted; travel documents already in their possession should not be impounded (until their citizenship is revoked) but new passport facilities should not be granted to them unless it is decided not to revoke;

(d) Persons coming within (b) above concerning whom a post has no derogatory information may be informed, should they enquire, that as long as their conduct has been and continues to be in the best interests of Canada they need have no occasion to apprehend that Section 19(1)(d) will be invoked against them; and

(e) When reporting to the Registrar of Canadian Citizenship in accordance with (c), posts shall, as usual, provide the Department of External Affairs with a copy of their correspondence. (If External Affairs has a file, other than a Passport file, on the person concerned it may with the Under-Secretary's approval, be loaned to the

Registrar for information, the file being treated by the Registrar in the same manner as security reports received from the Royal Canadian Mounted Police).

3. A special problem exists with respect to Yugoslavia which, although not considered to be an "Iron Curtain" country, is, nevertheless, Communist. In May, 1947, and November 1948, approximately 2,000 Yugoslav nationals and Canadian citizens of Yugoslav origin proceeded to Yugoslavia under a reparation scheme sponsored by the Council of Canadian South Slavs. Of this number roughly 1,200 were Canadian citizens, either natural-born or naturalized.

4. On May 4, 1950, by Cabinet directive, instructions were given that nothing should be done to facilitate the return to Canada of those Yugoslav dual nationals who proceeded to Yugoslavia on the S.S. *Radnik*, except in cases where their return would be useful from the national point of view. Up to the end of June, 1951, three hundred and thirteen of these persons had been granted travel documents (passports or returning Canadian visas) to enable them to return to Canada. The return of an additional group of some 40 to 60 persons has been authorized, but they may not yet have been granted "returning Canadian" visas.

5. It is recommended that Section 19(1)(d) be invoked in the case of persons of Yugoslav origin and administered as follows:

(a) The Embassy in Belgrade (or other post abroad) shall report to the Department of External Affairs those persons falling within Section 19(1)(d) who come to their attention;

(b) The Department of External Affairs shall obtain from the R.C.M.P. a security report on each such case, and, along with any pertinent information available on its own files, transmit same with whatever comments are considered appropriate concerning the individual to the Registrar of Canadian Citizenship, in order that consideration may be given to the question of instituting proceedings for the revocation of Canadian citizenship;

(c) Should it be decided not to take revocation proceedings, the Department of External Affairs shall be so advised and may then authorize the granting of a "returning Canadian" visa;

(d) Should it be decided to take revocation proceedings the Registrar of Canadian Citizenship shall provide the Department of External Affairs with a Notice of Intention to Revoke. The Department of External Affairs shall forward the notice to the Embassy in Belgrade, or other post, with a summary of the R.C.M.P. report. The notice shall be served and the individual interviewed, following which the completed questionnaire and report of interview shall be transmitted to the Department.

(e) The Department of External Affairs shall, when reports and questionnaires are received, forward them with whatever comments are considered appropriate direct to the Registrar for action, and in the meantime will not authorize the granting of travel documents.

6. The R.C.M.P. report they have not the staff to make a complete check of their records within a reasonable time of all those naturalized Canadians who returned to Yugoslavia on the S.S. *Radnik*. Any Canadian citizen arriving at a Canadian port

would have to be admitted whether or not he had been granted a "returning Canadian" visa. However, the Canadian Citizenship Act provides for the automatic loss of Canadian citizenship in the case of naturalized persons after six years' absence, unless protected in accordance with the provisions of the Act. This six-year period will have elapsed in the case of these former Yugoslav nationals in May, 1953, and November, 1954.[10]

L.B. PEARSON
W.E. HARRIS

SUBDIVISION II/SUB-SECTION II

DÉBLOCAGE DES ACTIFS
RELEASE OF ASSETS

DEA/614-F-40

934.

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

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

[Ottawa], March 15, 1951

YUGOSLAV ASSETS — RELEASE BY CANADIAN CUSTODIAN

The Yugoslav Request — Recent Developments

We have received two calls in recent weeks, one by the Yugoslav Minister and another by one of his officials, each asking that Yugoslav assets still held by the Canadian Custodian should be released. (These assets amount to approximately $330,000.) They have been met sympathetically but told that immediate action may be difficult because it may not be possible to dissociate the release of Yugoslav assets from the release of Italian assets and the latter subject is tied up with extensive negotiations with the Italian authorities. We must however give some more definite information to the Yugoslavs very soon.

2. You will recall that the Yugoslavs have asked for release of their assets intermittently since 1945. However, until recently Yugoslavia was considered to be an "iron curtain country" and as a matter of general policy no releases were made to such countries.

3. The situation is now changed in two respects. First, Yugoslavia has split off from the other iron curtain countries. Second, unlike other governments of iron curtain countries, the Yugoslav Government has agreed to make payments to Canadians whose property has been taken over under postwar nationalization policies. An agreement on this subject was reached between the United Kingdom and

[10] Approuvé par le Cabinet le 31 octobre 1951./Approved by Cabinet, October 31, 1951.

Yugoslavia, the United Kingdom acting on behalf of other Commonwealth countries including Canada. As a result of these changes I assume that you would wish our Custodian to release Yugoslav assets as quickly as he can. Would you please confirm that this is so?[11]

The Position of Negotiations with Italy

4. The complication in the situation, and the possible cause for further delay, arises from the position of Italian assets held by the Custodian. As you know, there have been prolonged negotiations on this subject dating back to 1947. The release of assets is related by the Peace Treaty to the settlement of Canadian war claims against Italy. In addition the Italians have made their settlement of our military relief claim dependent upon a satisfactory agreement relating to the release of assets.[12]

5. Just over two months ago our Ambassador in Rome put forward a final Canadian proposal for a lump-sum settlement of war claims to be associated with immediate release of Italian assets. We were not at all hopeful that the Italians would accept the settlement we proposed, and our Ambassador has heard informally that they are going to turn it down. In retrospect it is probably true to say that there was no lump-sum figure on which agreement could have been reached, having regard to the protection which the Canadian Government had to give to Canadians with war claims, and having regard to the protection which the Italian Government had to give to Italians affected by these claims.

6. In anticipation of a formal turndown Canadian officials have agreed on the next step, for submission to Cabinet. Canadian claims would be handled through exactly the same procedures as are being applied to United States and United Kingdom claims. A formal release of Italian assets held by the Custodian would be announced but the Italians would be warned that releases were most unlikely to outrun settlements of Canadian war claims. It is believed that this proposal would be satisfactory to the Italians.[13] In short we may well be very close to the end of these prolonged and often acrimonious negotiations. It must be admitted that while a good deal of the difficulties and delays may be attributed to the Italians a most important cause of the delay has been our own insistence[14] on trying to get a lump-sum settlement which lies outside the terms of the Peace Treaty.

Three Possible Courses of Action

7. If we now announce the release of Yugoslav assets the Italians will undoubtedly be upset. As you know, they are very conscious of their position as a partner in the North Atlantic Treaty. Further, there are sections of the Canadian public to which Yugoslavia appears as simply an atheist-communist country. These sections

[11] Note marginale :/Marginal note:
Yes — of course L.B.P[earson]
[12] Voir le document 902./See Document 902.
[13] Note marginale :/Marginal note:
I hope so L.B.P[earson]
[14] Note marginale :/Marginal note:
who is "our" L.B.P[earson]

might be concerned if Yugoslavia appeared to get preferred treatment over Italy. Therefore a strong case can be made for delaying the release of Yugoslav assets until a similar announcement might be made in a few weeks; at worst it should be a few months.

8. Alternatively we might proceed with the Yugoslav release and announcement and let the Italian chips fall where they may. After all it seems unfair to penalize the Yugoslavs because of our inability to settle matters quickly with the Italians. Further, although the Italians are now allies, the Yugoslavs were on our side in World War II when the Italians were fighting against us.

9. Another possibility is that we might start releasing Yugoslav assets but make no public announcement about it in the hope that, for the time being at least, the Italians would not hear of it. This might suit the Yugoslav authorities who are under pressure from Yugoslav individuals who want to get at their assets. On the other hand it has not got the political advantages in Yugoslavia or elsewhere that a public announcement of a friendly gesture by Canada would carry; and if our action did leak out to the Italians, as is likely, we would get the worst of both worlds.

10. Would you please advise me which of the following policies the Canadian officials should follow:

(i) Delay the release of Yugoslav assets, and its announcement, until a similar announcement can be made regarding Italian assets. (The Yugoslav authorities could of course be told immediately that the policy was settled in principle but that there would have to be some further slight delay in implementing it).

(ii) Immediate release of Yugoslav assets together with an announcement, regardless of the Italian position.[15]

(iii) Immediate release of Yugoslav assets but with no announcement in the hope that the Italians would not hear of what we were doing.[16]

A.D.P. H[EENEY]

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[15] Note marginale :/Marginal note:
I am inclined to favour (ii) above but would like to have a word with you about it L.B.P[earson]

[16] Note marginale :/Marginal note:
Mr Moran—Mr Plumptre: As you can see the Minister is inclined to favour the course described in 10 (ii) but before taking this action feels we should give Désy a chance to comment A.D.P.H[eeney] Mar 17

935.

DEA/614-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État adjoint aux Affaires extérieures et la Direction économique

Memorandum from Under-Secretary of State for External Affairs to Assistant Under-Secretary of State for External Affairs and Economic Division

[Ottawa], March 17, 1951

RE YUGOSLAV ASSETS

You will have seen from the Minister's and my marginal notes on your recent memorandum that Mr. Pearson favours the second course proposed, namely, release of the Yugoslav assets and announcement (irrespective of what may be done about Italy).

2. You will also notice, however, that we think that Désy should have a chance to comment on Italian reactions before action is actually taken. The Minister is not especially worried by this feature in view of the interminable delays of the Italian Government in reaching any settlement with us which will enable us to proceed with lira expenditures in Rome.

3. When the Yugoslav Minister called on Mr. Pearson and me yesterday, Mr. Pearson, when the subject was raised, gave Mr. Pribicevic reason to hope that the Government would act very shortly to release Yugoslav assets in Canada.

A.D.P. H[EENEY]

936.

DEA/614-F-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

[Ottawa], May 8, 1951

On April 14th you signed a letter to Mr. Stein in which you let him know that this Department has no objection to the release of Yugoslav and Austrian assets with the suggestion, however, that, should he decide on releasing the assets of these countries, it might be advisable not to make a public announcement to that effect until the recent Italian proposal for the settlement of our Article 78 Claims has been examined.

2. In our memorandum which accompanied the letter which you signed, we suggested that you may wish to inform Mr. Pearson and the Yugoslav Minister of the action we were taking in view of Mr. Pearson's personal interest in the matter and the Yugoslav Minister's numerous representations.

3. Mr. Stein has now replied to our letter and points out that it is not the practice of the Custodian's Office to issue a public announcement on proposed releases of assets whether to countries or their nationals and that, in particular, an announcement was not contemplated with respect to the release of Yugoslav and Austrian assets. He does envisage the possibility, however, that the Yugoslav Legation might make some public announcement or comment when the assets begin to be released considering that these assets have been under sequestration for such a long time without, in the Custodian's view any valid reason. Mr. Stein wishes to know if we would consider this possibility of publicity serious enough to warrant the deferment of the releasing process until more is known about the Italian proposal.

4. It would seem that we are meeting Mr. Désy's views, with whom the suggestion of avoiding publicity originated, by not making any announcement from our side and that it would hardly be in order to formally request the Yugoslavs not to do so. Perhaps if you have not already spoken to Mr. Pribicevic, you could tell him, when you do, that in view of negotiations with another country we would appreciate no publicity being given to the release of Yugoslav assets. On the other hand if you have already informed him of pending releases and you think the matter of sufficient importance, you might consider speaking to him again.

5. In our view no particular harm would be done if the Yugoslavs did make an announcement; the releases can hardly be kept secret, but no publicity seems preferable.

6. Would you please let us know, if you speak to Mr. Pribicevic, the result of your conversation and if Mr. Stein may be told to go ahead with the process of releasing Yugoslav and Austrian assets.

A.F.W. PLUMPTRE

P.S. You might wish us to ask Mr. P[ribicevic] to come in and see me, in which case I could convey the information indicated. His first approach, on this matter, was to me, later, however, he raised it with you and the Minister.

A.F.W. P[LUMPTRE]

DEA/614-F-40

937.

Le sous-secrétaire d'État aux Affaires extérieures
au sous-secrétaire d'État du ministère du secrétaire d'État

Under-Secretary of State for External Affairs
to Under-Secretary of State, Department of the Secretary of State

CONFIDENTIAL

Ottawa, May 25, 1951

Dear Mr. Stein:

We wish to refer to your letter of May 1st† concerning the release of the assets of Austria, Czechoslovakia, Poland and Yugoslavia.

2. It would appear that there is little danger of undesirable publicity being given to a decision to release Yugoslav assets in view of your practice not to make a public announcement on proposed releases and of the recent assurance given us by

the Yugoslav Minister in Ottawa that, should the release of his country's assets be approved, it is not his intention to give any publicity to the fact; he further stated that he would make our views known to his Government. Accordingly we see no objection to proceeding with the release of Yugoslav and Austrian assets without waiting for further consideration of the latest Italian proposal.

3. Although we have no very solid legal grounds for continuing to withhold the unrestricted release of Czechoslovak and Polish assets, we do not believe that circumstances have materially changed since it was agreed that only limited releases, under certain conditions, of these assets would be permitted.

4. To date we have received no encouragement that the war damage and nationalization claims of Canadian citizens would be entertained by Czechoslovakia and Poland and, even though the two subjects are not related, in our view we should not make any special effort to ease the present restrictions.

A.D.P. HEENEY

3e PARTIE/PART 3

GUERRE PSYCHOLOGIQUE
PSYCHOLOGICAL WARFARE

938.

DEA/9901-8-40

La 1ère Direction de liaison avec la Défense à la Société Radio Canada—Service international

Defence Liaison Division (1) to Canadian Broadcasting Corporation—International Service

SECRET

Ottawa, May 1, 1951

Dear Arthur [Pidgeon],

Acting on your request of a couple of weeks ago we have prepared a memorandum on *Information Policy Towards Titoism in Soviet Satellites.*

The original memorandum is being sent to Mr. Dilworth and I attach a copy for your own use.

Yours ever,

J.A. MCCORDICK

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET Ottawa, May 1, 1951

INFORMATION POLICY TOWARDS TITOISM IN SOVIET SATELLITES

Our information policy towards the satellites can be tersely expressed in terms of two basic purposes:

(1) Active participation in the "cold war" against Soviet imperialism and totalitarianism;

(2) The projection of Canada.

In view of the present relations between the satellites and the Western powers, including Canada, the second objective is the less important. It includes explaining Canadian policies and principles and their background, and presenting a picture of Canadian democracy, life, people, industry, etc.

The expression "cold war", for which some authorities would prefer to substitute "ideological struggle" in matters pertaining to information, is retained here as a convenient if imprecise means of grouping a number of points under a general heading and of retaining the picture of a contest leading to victory or defeat, which "cold war" evokes.

Under the heading "cold war" our information policy may be divided into three basic aims:

I—to preserve peace and check the inroads of Soviet imperialism, by

(a) strengthening the morale, faith and determination of our friends in the satellites in their opposition to the Stalinist totalitarian regimes and policies in their countries, and to the Soviet imperialism which makes the regimes possible and which, through them, exploits the satellite peoples;

(b) giving cautious encouragement to Titoist tendencies as outlined more fully below;

(c) undermining the morale, faith and determination of the people in the satellites who actively or passively support Moscow-directed policies;

(d) convincing the satellite peoples of our peaceful, unaggressive purpose;

(e) demonstrating that the Soviet Union and its willing or unwilling allies cannot hope to win a new world war;

(f) presenting the Soviet regime and its obedient satellite regimes as solely responsible for war should it come.

II—to win the war if it comes, towards which the above peace-preservation formula would contribute

III—as a longer-term project, to

(a) help keep alive, in the satellite countries, knowledge and appreciation of liberal democracy and the civilization and code of ethics of the West;

(b) maintain belief in eventual liberation from tyranny and slavery, trying to strike a proper balance between, on the one hand, bolstering the will of the individual to fight for his freedom when the time comes, and checking trends towards fatalistic resignation, and, on the other hand, giving the false impression that liberation is at hand, or encouraging premature and doomed uprisings which would be bloodily suppressed.

The only information medium through which Canada is at present reaching any significant number of people in the satellite countries is short-wave broadcasting. The chief means of furthering the above aims, through this medium, include:

(a) giving an adequate account of what is going on in the world through a news service which is comprehensive, true and objective;

(b) identifying the satellite Communist regimes as the creatures and instruments of Soviet imperialism and as the agents for Soviet exploitation of the satellite nations;

(c) appealing to the national self-respect of subject people, without attempting to incite them to revolt;

(d) unmasking the hypocrisy of "democracy" in elections, trade unions, labour camps, religion, etc. in the Soviet Union and satellites, and the hypocrisy of Soviet-inspired "Peace propaganda" and its inconsistency with the aggressive Soviet foreign policy supported by the satellites;

(e) correcting misrepresentations about Canada, NATO and the West in general;

(f) reminding listeners living under Communist tyranny that, although we have our social problems we cope with them as do other democratic nations, by bringing about social change without violence; and that the lives of our citizens are not dominated by fear and hate, police, arbitrary law decreed by a "Party elite", official kidnapping, "trials" without benefit of justice, and ubiquitous "security" organs who are a law unto themselves.

In decrying Soviet imperialism and appealing to the national sentiments of the satellites, our policy must also take into account the phenomenon known as Titoism, or national communism freed from the physical and dogmatic control of Moscow. In general we should give cautious encouragement to Titoism guided by the following considerations:

1. That we must never abandon or bargain with our principles, and that we disapprove of totalitarianism and police systems of government based on hate and fear, whether or not they are controlled from Moscow;

2. That we welcome any nation's attempt to shake off the Muscovite shackles which we consider the first step towards possible liberalization; (in referring to Yugoslavia it is possible now to point to a number of recent measures adopted by the Yugoslav Government, which are contributing to a gradual liberalization which we hope will continue);

3. That, while we are absolutely opposed to totalitarian illegality, brutality, immorality, privilege, intellectual enslavement, etc., we recognize the need for social reform in many parts of Eastern and South Eastern Europe and do not

support reactionary émigré circles who wish to re-establish the status quo of 1939.

One reason for our cautious approach to Titoism is that, while it has short-term advantages in stemming the spread of Soviet imperialism and in making possible less repugnant regimes than those imposed by the Kremlin, it might in the long run develop in such a way as to present a peculiarly important threat to the Western liberal tradition. That is to say, we cannot rule out the possibility, albeit slight, that some day there might be a number of Titoist regimes in Europe in which the liberalizing process mentioned above was early arrested but which, through their cultivation of nationalism, might be more attractive to the peoples of the free world than is Soviet communism, especially if Tito should succeed in his apparent ambition to transfer the seat of communist orthodoxy and the Lenin tradition to Belgrade.

939. DEA/6033-40

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], May 29, 1951

C.B.C.-INTERNATIONAL SERVICE

As you know, I spent a day at the CBC-IS in Montreal on Friday, May 25 with two objects in view. First to see for myself how the implementation of our policy directives is worked out in practice; secondly to have personal talks with Dilworth and his senior officials and to try and get an impression on the spot of the atmosphere and the efficacy of the CBC-IS. This was not, of course, my first visit but the criticism in the House of Commons and elsewhere of the CBC-IS seemed to make this an appropriate moment at which to have another look at the organization.

2. There has certainly been an improvement over the last year in the relationship of this Department with CBC-IS and there has also been an improvement in the machinery for cooperation between us and for the application of policy guidance received from this Department. I may briefly note the methods which have now been adopted to tighten up the implementation of policy and to strengthen cooperation.

(a) CBC-IS has received from this Department a series of policy guidance papers, setting forth in general terms the objectives of our political shortwave broadcasting policy, particularly behind the Iron Curtain.

(b) A liaison officer in the person of Mr. McCordick has been charged with the responsibility of keeping CBC-IS in touch with any developments in policy which would be of interest to them and which they might wish to use either in their broadcasts or as background. An officer in each of the more important political divisions of the Department has been made responsible for informing Mr. McCordick of any developments within their division which might be of interest to CBC-IS. In addi-

tion, the senior officials of CBC-IS frequently get in touch directly with me and sometimes with other officials in the Department to discuss problems or obtain information. Most of these communications are by telephone.

(c) An informal committee has been set up under my chairmanship in the Department which meets weekly to discuss problems of Canadian information abroad with particular reference to CBC-IS. The main political divisions and the Information Division are represented on it. Mr. Pidgeon, Policy Coordinator of the CBC-IS, comes up from Montreal to attend these meetings weekly, so that CBC-IS have an opportunity to participate in our discussion of policy matters at the formative stage and to put forward their own views and explore any weaknesses in liaison between us.

(d) The Department furnishes CBC-IS with a certain amount of background material for their broadcasts, papers on special subjects, memoranda and copies of certain despatches from our missions abroad. Physical security arrangements at CBC-IS have somewhat restricted the material which we have been able to make available to them. I understand, however, that CBC-IS are quite willing to accept and put into force any security arrangements which we may think advisable and that Mr. Glazebrook is sending someone down to Montreal to discuss this matter with them.

(e) Our missions abroad in countries to which CBC-IS broadcasts have been asked to make comments and suggestions on their broadcasts and we have had an excellent response from them, including ideas and criticisms. These have been forwarded to CBC-IS.

(f) Within CBC-IS itself, a system of daily policy meetings has been instituted by Mr. Dilworth, with Mr. Pidgeon or himself in the chair. I attended one of these meetings in Montreal. The various section heads responsible for broadcasting to different areas attend these meetings, put up the problems which face them and discuss the policy line. These meetings were instituted by Mr. Dilworth with the idea of instituting a further overall policy control applicable to the different areas.

3. These arrangements are working fairly satisfactorily, given the inevitable difficulties arising from our physical separation from CBC-IS. Mr. Dilworth and his staff have been most cooperative. They have welcomed our suggestions and we have no complaints on this score.

4. After this brief rehearsal of our methods of cooperation with CBC-IS, I may mention some of the principle problems outstanding.

The Application of Policy Directives in Broadcasting

A great deal of criticism has been levelled at the CBC-IS because its tone is not more violently anti-communist. The answer of CBC-IS to this accusation is that, particularly in broadcasting to Czechoslovakia and the U.S.S.R., it is bad practice to swamp their material with diatribes against the communist regime in power. If, for example, you are broadcasting on the shortage of consumer goods in Prague, you would not necessarily wish to insert the fact that the present Czechoslovakian Government is a gang of rogues. Similarly in broadcasting to Italy and France, the CBC-IS does not wish to take a violently partisan attitude in the internal affairs of

these countries and to support specific anti-communist groups or individuals as this may be considered as an intervention in the internal affairs of these countries. CBC-IS point out that the BBC follow the same practice as themselves in this respect.

In my conversations with CBC-IS officials on this point, I said that I could quite see the effectiveness of this "objective" point of view as a matter of technique in attracting and holding audiences. On the other hand, I pointed out as forcefully as I could that no one could pretend at this stage in the world struggle to perfect objectivity of intellectual judgement and that even if such objectivity could in theory be obtained, our shortwave broadcasting organization was no place in which to air it. I think this was necessary because there is, I believe, among some people at CBC-IS a slightly "holier than thou" point of view and a misplaced scrupulosity which should be discouraged. It was rather typical of this attitude that one of the section heads charged with broadcasting to Italy remarked to me that it was difficult to impress upon Italian listeners the necessity for "getting out and voting" in the present municipal elections because this was the line being taken by de Gasperi and the Church, hence the adoption of such a slogan by CBC-IS might seem to be an intervention in Italian affairs. I told him that this was carrying "objectivity" too far. We could not be inhibited from emphasizing to the Italians the importance of their anti-communist vote in the eyes of the world by the fact that this comment coincided with the slogans of Italian anti-communists.

Personnel

This brings me to a delicate and somewhat difficult point, namely the difference in approach between some of the CBC-IS personnel and ourselves and thus inevitably to the problem of "foreignness". As you know, the three most important posts in CBC-IS of General Manager, Assistant General Manager and Policy Coordinator are held by born Canadians, whereas most of the area heads are of foreign origin, although I think they are naturalized Canadians. So far as their anti-communist sentiments are concerned, they have been thoroughly checked by the R.C.M.P. so that it does not appear that a question of actual security is involved. On the other hand, some of these men, including Dr. Schmolka, who heads the Czechoslovak section and is acting head of the Russian section, and Mr. Koch, who heads the German and Italian sections, are typical members of the middle European intelligentia, intelligent and hard-working but pretty remote from the average Canadian. To touch on a more delicate subject still, both are Jews. Indeed, I believe that most of the members of the Czech section of CBC-IS are of Jewish origin, as is Miss Jacob, the number two person in the Russian section, Miss Solomon, who now I believe works in the monitoring section, and I should think (although I have no figures) a considerable number of others. This is a little unfortunate, particularly so far as the Czech section is concerned. The Czech section is the most vulnerable part of CBC-Is because of the existence of an active, divided and intransigent Czech colony in Montreal. Members of this colony are, I think, responsible for feeding Kayserlingk with anti-CBC-IS material which Kayserlingk or his friends in turn pass on to critics in the House of Commons. The former Czech Consul in Montreal,

Mr. Kotrly, is a spearhead of this criticism. There are two motives in the minds of the Montreal Czechs in criticizing CBC-IS:

(a) They believe that the Czech service should be much more positive in its denunciations of the present regime (although it is doubtful whether any good purpose would be served by the adoption of this policy).

(b) Many of them would like to have jobs in CBC-IS. It annoys them to see a little group of Czech Jews, many of whom came out of Czechoslovakia before the communist regime had been established, sitting in the Ford Hotel with nice fat jobs and sounding off as the voice of Canada to Czechoslovakia. In particular, they dislike Dr. Schmolka.

It is a pity that the Czech section of the CBC-IS should be so universally disliked by the Czech colony. I suspect, however, that if another set of Czech émigrés were installed in their place, they might also be criticized by the colony. In any case, the broadcasts are not to the Czech colony in Montreal but to Czechoslovakia.

The new Russian section seems to be getting off to a good start. Miss Jacob's experience as personal assistant to the head of the Russian section of the BBC is very valuable. CBC-IS are still looking for a permanent head for this section and are trying to find a hundred per cent Canadian for the job, as they feel that the appointment of virtually anyone of Russian origin is likely to involve them in the same kind of difficulties as they have experienced in the Czech section.

The fundamental difficulty is that in order to run an international broadcasting service, you have to make use of people of foreign origin, both from the point of view of language, knowledge of the culture and habits of the people to whom the broadcasts are being made. Moreover, émigrés who have recently left these countries are more likely to be in touch with postwar conditions than Canadians whose parents or grandparents may be of Czech, German or Russian origin, who might be able to speak the language but are out of touch with current conditions. The BBC and the Voice of America are faced with this same problem. I think it is unavoidable. It will always lend more than a touch of "foreignness" to our International Service. It will always be likely to cause trouble with other recent emigrants from these countries. I do not know how you can get around this problem except by making very sure that such persons apply strictly in their broadcasts the policy directives which they receive from above and that they are closely checked from the security point of view. At the same time, I think that the key positions in the organization should be held by born Canadians and this seems now to be the case in CBC-IS.

This note brings me, I fear, to no firm conclusion. I find it difficult to suggest any further steps which should be taken to improve liaison with CBC-IS or to overcome weaknesses in the organization. Indeed, I think we have made a pretty good start in this direction in the last year or two and it is now a question of ensuring that our machinery for direction and liaison works as well as possible. It will never work perfectly, particularly as long as CBC-IS is in Montreal and we are in Ottawa. Yet, when all is said and done, I do not feel completely happy about CBC-IS. I do not think that we can or should make ourselves responsible for the detailed implementation of policy or for personnel matters (security apart) within the organiza-

tion. To do this, it would really be necessary to take over the whole of CBC-IS. For example, even to check every word of their broadcasts for possible "deviations" would demand a large staff of trained linguists. No purpose whatsoever would be served by our attaching a liaison officer from External Affairs to the organization unless he had a large measure of authority over policy implementation. This would be a clumsy and inconvenient device which would endanger good relations between us and CBC-IS without being fully effective. If it is felt that, either to disarm public criticism or to attain a more positive implementation of our policies, we should assume responsibility within the organization for policy direction, this, I think, could only be done by supplanting Mr. Dilworth himself with an appointee of our own. This I should hesitate to advise as I think Dilworth is doing a pretty good job and I do not know who we could make available with the required qualifications to take it over from him. Another alternative might be to put a more active General Manager of the Canadian Broadcasting Corporation in to succeed Frigon, with special responsibility with regard to CBC-IS. This might be one of our own senior officers or one of our Ambassadors, e.g. Mr. Désy, if he were available. Personally, I am rather attracted by this latter idea as I think it would do CBC-IS no harm and probably some good to be under the continuous supervision in Montreal of a forceful and experienced personality, well-acquainted with the objectives of our foreign policy.

C.S.A. RITCHIE

CHAPITRE X/CHAPTER X
EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART 1
PACTE DE SÉCURITÉ RÉGIONALE
REGIONAL SECURITY PACT

940. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 1, 1951

...

PACIFIC SECURITY PACT; CANADIAN ASSOCIATION

10. *The Secretary of State for External Affairs* said that the Minister of External Affairs of Australia had sent a personal message enclosing a draft treaty between the United States, Australia and New Zealand for security in the Pacific. The treaty was similar in outline to the North Atlantic Treaty but had weaker security provisions. It provided that the parties would "consult together" whenever the security of any of them was threatened in the Pacific and each party recognized that an armed attack in the Pacific area on any of the parties "would be dangerous to its own peace and security" and each party "would act to meet the common danger in accordance with its constitutional processes".

Mr. Spender said he would be grateful for Canadian assistance in getting United Kingdom and United States support for the pact. He assumed that Canada, with her wide existing commitments in the Atlantic area, would not wish to be a party to the arrangements.

An explanatory memorandum had been circulated.

(Minister's memorandum, undated, Cab. Doc. 59-51)†

11. *Mr. Pearson* suggested that a reply might be sent assuring the sympathetic interest of Canada in the pact but stating that heavy existing commitments made it difficult for Canada to participate at this time.

12. *The Prime Minister* was of the opinion that Canada should not become a party to the proposed agreement at present. U.S. association in the agreement was much to be desired.

13. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs concerning discussions between the United States, Australia and New Zealand for a Pacific Security Treaty and agreed that:

(a) Canada should not be associated with the proposed treaty at the present time; and,

(b) a draft reply to the Minister of External Affairs of Australia setting forth the Canadian position be prepared and circulated for consideration.

. . .

941. PCO

Extrait des conclusions du Cabinet[1]

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 2, 1951

. . .

PACIFIC SECURITY TREATY; REPLY TO THE MINISTER OF EXTERNAL AFFAIRS OF AUSTRALIA

22. *The Secretary of State for External Affairs*, referring to discussion at the meeting of March 1st, 1951, submitted a draft reply[1] to the communication from the Minister of External Affairs of Australia concerning the proposed Pacific security treaty.

23. *The Minister of Fisheries* was of the opinion that the proposed reply was too negative.

25. *The Cabinet* agreed that the Secretary of State for External Affairs and the Minister of Fisheries consult concerning the reply to be sent to the communication from the Minister of External Affairs of Australia concerning the proposed Pacific security treaty and submit a revised draft for consideration.

. . .

942. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], March 15, 1951

. . .

PACIFIC SECURITY TREATY; REPLY TO THE MINISTER FOR EXTERNAL AFFAIRS OF AUSTRALIA

1. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of March 2nd, 1951, said that as the Minister for External Affairs of Australia (Mr. Spender) would shortly be resigning to take up his appointment as Ambassador to the United States, it had been thought that it might not be necessary to reply to his message of February 23rd regarding the proposed Pacific security

[1] Non retrouvée./Not located.

treaty. It had now been learned, however, that the arrangements embodied in the draft treaty represented the policy of the Australian government as a whole.

He read a revised draft reply to Mr. Spender that had been prepared in consultation with the Minister of Fisheries. This, while making it clear that Canada was not intending to participate in the proposed arrangements, expressed sympathetic interest and linked Canadian participation in North Atlantic defence to the proposed Pacific security treaty as important contributions to the defence of the free world in general.

The Canadian Ambassador in Washington had discussed the draft treaty with Mr. Dulles, who had indicated that it was satisfactory to the United States authorities provided the Republic of the Philippines were a party. Mr. Dulles had not raised any question of Canadian participation.

2. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs regarding recent developments in connection with the proposed Pacific security treaty, and approved the general lines of the reply on this matter that he planned to send to the Minister for External Affairs of Australia.

. . .

943.

DEA/50073-40

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-597

Ottawa, March 22, 1951

TOP SECRET

PACIFIC SECURITY ARRANGEMENTS

Following from the Under-Secretary, Begins: Your WA-1043 of March 20.†

1. A personal message was sent by Mr. Pearson to Mr. Spender on March 15.† A copy has been sent to you under Letter No. Y-1231 of March 19.† The letter assures Mr. Spender of the sympathetic interest of the Canadian Government in the negotiations, confirms Mr. Spender's assumption that Canada's heavy commitments in the North Atlantic area would for the time being limit our participation in security arrangements in the Pacific, and notes our belief that the proposed tripartite pact would be an important contribution to the defence of the free world. The letter further states that the Canadian Government will "take advantage of any suitable occasion which may arise to express to the United Kingdom and the United States Governments our agreement with the objectives of such security arrangements" as the tripartite pact.

2. The matter was considered by Cabinet at several meetings and the text of the letter approved. Cabinet agreed that Canada should not be associated with the treaty at the present time. Because of our concern lest the project may have been one

sponsored by Mr. Spender himself rather than by the Australian Government, we requested our High Commissioner to make enquiries in Canberra. You will have received a copy of Canberra's telegram No. 24 of March 9,† which informed us that this proposal was Australian Government policy.

3. We must be cautious in expressing our attitude towards the security treaty, for although we would not wish to participate in it, neither would we wish to give Australia and New Zealand the impression that we are indifferent to their natural desires to secure more direct entry to allied planning. We do not think it is our task to "reassure" London or "encourage" Washington. While we see no obvious reason for opposing the present security arrangement, its possible extension would be another problem. On a number of occasions the Canadian view that a widely based "Pacific Pact" would be premature has been expressed.

4. Since you will have received copies of the telegrams from London setting out the United Kingdom views on Pacific security arrangements, there is no need to dwell on these arguments. We think it especially important, however, that although the United Kingdom Government has approved the idea of the tripartite pact, it will wish to reconsider its position if the United States should feel obliged to propose the inclusion of the Philippines. We would be grateful for your further comments as to why the United States would wish to include the Philippines in such a pact when the present security commitments which the United States has assumed with regard to the Philippines could scarcely be more substantial.

5. The problem of Japanese participation does not seem to us to be of immediate importance since Mr. Dulles expressed the opinion in Tokyo that the Japanese were not yet ready to play a part in any Pacific organization. He thought it would be best to have another look at this question in two or three years' time. We doubt that the Australian Government would find it politically possible to agree to the admission of Japan at the present time when that Government will put the tripartite pact before the electorate as a guarantee against the dangers of the possible renewal of Japanese military aggression in the area.

6. It would be invidious for Canada to urge the United States to accept new treaty obligations unless Canada is willing to join the treaty. We are of the opinion therefore that you should go no further in your conversations with State Department officials than to express our general agreement with the objectives of the proposal. You can make it clear that we do not think Canada can assume further commitments in the Pacific. You might also express our general concern over the dilemma posed by a Pacific pact. To be a Pacific pact it should include certain Asian states whom it may be difficult to accept. If these states are ignored, what is left is an organization which might be an affront to even friendly Asian nationalists. Even the tripartite pact raises these difficulties. In spite of the fact, however, that the press has and will continue to term the proposed arrangements as a "Pacific Pact", that is in our view a misnomer and the proposal is not open to the same objections as earlier proposals for a widely based pact were. We are of the opinion that the best case can be made for bilateral United States-Australia and United States-New Zealand arrangements. If the present negotiations were to result into such bilateral

arrangements, some of the difficulties raised by the inclusion or omission of certain countries might be avoided.[2]

944.

DEA/4533-40

Note du secrétaire d'État aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Secretary of State for External Affairs to Acting Secretary of State for External Affairs

CONFIDENTIAL

Paris, November 7, 1951

The Australian Secretary of State for External Affairs called to see me this morning, and we had a useful talk for 3/4 of an hour. Casey is obviously going to do the job — at least at international conferences — in a very different way from his predecessors, and I think he will be more successful in making friends and influencing people; even though his old Etonian, striped-pants manner may put off some of the rougher exponents of the new diplomacy.

He told me that he had a plan in the back of his mind in which he thought we would be interested, namely, the extension of the present three separate security pacts to cover other countries of Southeast Asia. He said that his ideas in this regard had been reinforced by the trip he had just had through that part of the world. He was concerned not so much with the security of Australia itself, which was not likely to be increased by any new proposals, as with the desirability of building up a collective system in the Pacific and Southeast Asia through which the free Asian countries could work together. He said that he was shocked by the lack of contact between them and the lack of knowledge that they had of each other's problems. He had particularly in mind, Thailand, Indo-China and Indonesia, the three countries which, I gather, he thought might be charter members of his new security club. He agreed that India and Burma were not likely to be interested, but talks he had in Karachi encouraged him to think that once Kashmir difficulties had been cleared away, Pakistan would be a very valuable connecting link in the chain of collective security which would soon, he hoped, extend around the globe. He had received hopeful assurances in that regard from Nazimuddim, but agreed with me when I suggested that such assurances might be inspired in large part by a desire to secure Australian support for the Pakistan cause in Kashmir.

I told Casey that we were, of course, interested in Pacific security, and that there had been a good deal of discussion about it recently in the House of Commons. I pointed out to him, however, that our commitments were pretty extensive under North Atlantic arrangements, and gave him some figures in this regard that surprised him. However, I assured him that we would not be disinterested in the building up of a strong and cohesive Pacific security arrangement. Casey, of course, realized that the key to the whole situation was Washington. Indeed, one of the reasons why he favoured some such development as that indicated above was that

[2] Pour la suite des événements, voir le document 950.
For subsequent developments see Document 950.

Washington now was helping the various countries concerned individually, without co-ordinating that assistance. He thought that the Americans would surely appreciate the value of such co-ordination. He admitted, however, that he had not broached this question to them as yet, but intended to explore it with Acheson within the next few days.

All this makes it, I think, a matter of some importance that we should secure from Washington, as I suggested before leaving Ottawa, an indication of their views on the extension, say, of the Tripartite Pacific Pact to include, first, Canada, and possibly other countries.

Casey also indicated to me some of the anxieties they had in Australia regarding North Atlantic developments, because of their exclusion from such developments and the effect they might have on the Commonwealth association. He had already expressed these anxieties to me in a letter,† copy of which you will have. I think I succeeded in removing most of them and told him that we would keep his Government very closely informed of developments in the North Atlantic field. He was grateful for this promise, all the more because Australia would probably be involved in these developments, at least so far as military planning is concerned, by their proposed association with the Middle East Command. On this latter point, he confirmed what I had heard previously, that the Australians were worried about this Middle Eastern planning because they would be expected to make contributions to it but were not at all convinced that they would be given an adequate share in the political planning which would determine to a very large extent the military arrangements. In this regard, also, he said that they would have some difficulty in Australia in making prior commitments for sending specified military forces to the Middle East. This difficulty, he understood, did not apply to New Zealand and South Africa where the essential political decisions to make such commitments had already been taken. However, he thought that the Australian Government would soon follow the same line, but not without adequate assurances that they would be given a share in control.

Casey also brought up the question of Australia's desire to be elected to the Economic and Social Council. I told him that this might be difficult at the present Assembly as India had a strong claim to re-election. However, I admitted that a case could be made for both Australian and Indian membership and that I would review our own policy in regard to this matter. I told him, however, that if Australia would wait for a year that she would have no difficulty, I thought, in securing Canada's seat, which we would be glad to yield to her gracefully and, indeed, even thankfully.

Finally, Casey asked me what I thought of their High Commissioner in Ottawa, and I told him that Mr. Forde had won all our affections. He knew what I meant, and said that they were not going to disturb him for six or seven months, but at the end of that time he would be glad to return to Australia. He would then be replaced by a very prominent Australian whose name Casey told me in confidence, and who will, I think, make a very able High Commissioner in Ottawa. Casey also told me about some of the steps they were taking to strengthen their Foreign Service which, he felt, had not achieved a very high level under the Evatt-Burton regime. Regard-

ing the latter gentleman, he had nothing to say that was good and much to say that was bad.

L.B. PEARSON

945.

DEA/50073-40

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. 3470

Washington, December 1, 1951

CONFIDENTIAL

Reference: Your Letter K-3419 of November 27th, 1951.†

SECURITY IN THE PACIFIC

1. I have read with interest the memorandum from Mr. Pearson recording his discussion with the Australian Minister for External Affairs in Paris on November 7th. The reference on page 2 of this memorandum to Mr. Pearson's suggestion that we sound out the Department of State on the possibility of extending the tripartite Pacific agreement to include Canada and perhaps other countries arises from a telephone conversation between Mr. Pearson and myself just before he left Ottawa for Paris. Mr. Pearson referred to the numerous references to security in the Pacific in the debate on international affairs in the House of Commons on October 22nd and 23rd, and he asked me to sound out the State Department informally and without in any way indicating a direct interest on the part of the Canadian Government.

2. I first asked Mr. Ignatieff to mention the matter casually at one of the weekly meetings which he holds with Mr. Raynor or Mr. Haselton of the State Department simply by drawing attention to the observations on this subject made in the House of Commons and expressing interest in any views that might be held in the State Department. I believe that I wrote a personal letter to Mr. Pearson passing on the not very informative result of this approach, but — and this, of course, is without precedent — I have been unable to find a copy of this letter on our files. I am therefore enclosing a copy of the note given to me by Mr. Ignatieff of this conversation, which took place on November 7th.

3. On November 16th Mr. Dean Rusk lunched with me and in the course of a general conversation on Far Eastern affairs asked for my personal opinion on the prospects of strengthening international security arrangements in the Pacific. My second enclosure is a copy of a letter which I addressed to Mr. Pearson in Paris on the following day. I might add to what is said in it that Mr. Rusk also remarked that a real difficulty encountered in negotiating a security agreement to include the Asiatic countries which should logically be members, was that some of them were unwilling to participate with others in a multilateral agreement and preferred to make special arrangements of their own with the United States if possible. He also

mentioned that the question of the inclusion in any general security agreement of the United Kingdom, France and possibly the Netherlands (so long as control is maintained over Netherlands New Guinea) would have to be taken into account. He did not mention the position of the Nationalist Government in Formosa, but I should imagine that so long as the present situation endures that Government would make strong efforts to be included, which might be embarrassing for the United States to refuse.

4. Mr. Casey will be in Washington from December 7th to 12th, and he may then seek to pursue the matter. We shall seek to find out from the Australian Embassy after his departure the nature of any discussion he may have on this subject.

H.H. WRONG

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du conseiller de l'ambassade aux États-Unis

Note by Counsellor, Embassy in United States

[Washington, n.d.]

PACIFIC PACT

At my last meeting with Raynor I had drawn his attention informally to the references in the recent debate on foreign affairs in the House of Commons in Ottawa, concerning the Pacific pact and left a copy of Hansard. Raynor asked Haselton to follow this up. The information given to me yesterday by Haselton was not very conclusive but was possibly the best that could be obtained at a low level in the State Department. Haselton, who was reading from a memorandum apparently prepared by a junior officer in the Office of Far Eastern Affairs, recalled that the bilateral agreements which the U.S. had concluded with Australia, New Zealand and the Philippines had not been initiated by the United States. They had been initiated by the other parties and had been accepted by the United States as a price which had to be paid for an agreement with these countries on the Japanese Peace Treaty. It had been made clear at that time that Australia, New Zealand and the Philippines were not prepared to enter any multilateral pact which would include Japan. At that time also the United Kingdom had opposed combining the Philippines, Australia and New Zealand in one security pact. As to the possibility of now broadening the series of bilateral agreements into a security pact for the Pacific as a whole, Haselton noted that the texts of the bilateral agreements envisaged the possibility of such a broadening. The pact with Australia, for instance, included language to the effect that this agreement would continue in effect "pending the development of a broader security pact in the Pacific". So far as he knew, however, the State Department does not expect to take any initiative in the immediate future to broaden the scope of these agreements. The next step which has to be taken is to secure the ratification of these agreements as soon as Congress meets. The State Department are not aware of any move by any other country towards the negotiation of a broader security pact in the Pacific. The State Department would be inter-

ested to receive any indication that any country is interested in this subject. The State Department would see considerable difficulties which would have to be overcome in defining the area and the membership of such an organization. He thought that it would be taken for granted that Canada would be a member but there would be difficulties in deciding who should be the members on the other side of the Pacific. Not only self-governing countries are involved, such as Indonesia, but also the metropolitan countries, such as the United Kingdom and France, with dependent areas, such as Malaya and Indo-China, under their control. Haselton concluded his remarks by saying that on the "working level" no active consideration was being given in the State Department to extending the bilateral security agreement to a broader multilateral pact, but it was possible that at the top level some thought had been given to this problem. He asked whether I would like to have a memorandum indicating our interest brought to the attention of Mr. Foster Dulles or Mr. Rusk. I said I thought this was not necessary and might be misunderstood. I stressed again that this was an informal enquiry initiated by the Embassy in view of the interest shown in the possibility of a Pacific pact by several members of the House of Commons in Ottawa, and did not represent in any way an initiative by the Canadian Government. I do not know whether you would consider that there is sufficient in this conversation to provide a basis for a letter to the Under-Secretary.

[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

PERSONAL AND CONFIDENTIAL

Washington, November 17, 1951

Dear Mike [Pearson]:

We have already given you some answer to the suggestion which you made to me just before you left Ottawa that I should sound out opinion in the State Department on the question of Canadian adhesion to the tripartite Pacific treaty with Australia and New Zealand. Dean Rusk lunched with me yesterday, and he gave me a neat opening by asking me what I thought of the prospects of a general Pacific security pact. I answered that they seemed to me to be pretty remote, and he agreed that he could not see any solid foundation for a multilateral treaty which might be roughly analogous to the North Atlantic Treaty.

I then remarked that considerable interest in this subject had been displayed in last month's debate in the House of Commons, and not only by some members from the Pacific Coast. I had been surprised by this and would like to know what would be the attitude of the State Department towards the adhesion of Canada to the tripartite treaty. I allowed him to infer that I was raising the matter out of personal curiosity. He answered immediately that he thought from the point of view of the State Department there would be no difficulty at all, but went on to say that he would expect opposition from the United Kingdom, since the Labour Government

had not seemed to be at all happy about a separate agreement between the U.S., Australia and New Zealand. I let the matter rest there.

Yours sincerely,
H.H. WRONG

2e PARTIE/PART 2

RÉPUBLIQUE POPULAIRE DE CHINE : CONTRÔLE DES EXPORTATIONS
PEOPLES' REPUBLIC OF CHINA: EXPORT CONTROLS

DEA/9030-40

946.

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-139 Washington, January 11, 1951

CONFIDENTIAL. IMPORTANT.

Your EX-26 dated 5th January.[3] Trade with China and North Korea.

1. This subject was discussed with Robert Barnett, Officer in Charge, economic section of the office of Chinese Affairs in the State Department. His remarks, in summary, were as follows:

(a) *Export control*

Licences are required for all shipments to Communist China, Hong Kong and Macao. The prevention of all exports to China is not a declared United States Government policy, but this, in effect, is being achieved by the denial of licences for any exports to China and by the order that United States vessels can not carry cargo to Communist China.

The export of a small quantity of non-strategic materials to Hong Kong and Macao is being permitted. Hong Kong's difficulties may make it necessary to enlarge the flow of goods to the colony but United States public opinion makes this very difficult.

(b) *Imports*

The freezing of Chinese assets and the blocking of outgoing payments is calculated to prevent direct imports from China. It is the intention of the United States Government to put an end to all normal import trade. Foreign exchange for imports from China will only be permitted where the imports are considered to be in the national interest, i.e. strategic material. It is also planned to attempt to prevent indirect imports from China, i.e. by goods in transit from other countries.

[3] Voir/See Volume 16, Document 1038.

Barnett admitted the ineffectualness of unilateral economic sanctions of this kind but seemed to think that the government's hand was forced by the pressure of public opinion. Barnett was informed about our concern over the United States action, as outlined in teletype EX-26 of January 5th.

2. The remainder of this message is concerned with the execution of the policy of the United States Government with respect to imports into the United States of goods originating from China and North Korea. It is expected that additional comment will be forwarded shortly after discussions with Department of Commerce representatives to obtain their views about the probable impact of the import restrictions on current trade.

3. The object of the present United States policy is to prevent the acquisition of United States dollars by China and North Korea. The measures in force are financial in nature and are in the process of being correlated with customs procedures to ensure their effectiveness. The regulations issued by the Treasury Department permit the entry of commodities originating from China and North Korea into the United States, provided that payment for such imports is made into a blocked account. The government does not make any assurance with respect to future disposition.

4. The action taken by the Secretary of the Treasury is based on section 5 (B) of the Trading with the Enemy Act, under authority delegated by the President by executive order No. 9193. This legal position was considered to be adequate for independent action by Secretary Snyder but the adoption of the current policy took place after full discussion by the National Security Council and it is considered that any departure from the present policy position will require re-consideration at this level.

5. This question was referred to the National Security Council as it would consider the wider defence and political aspects in addition to the international financial aspects which alone might have been considered if the matter had been referred to the National Advisory Council. Treasury Department representatives have requested that this information about internal procedures be kept confidential.

6. Treasury Department regulations governing the financial control aspects of trade with China and North Korea were issued under title 31, chapter V of the United States Code (forwarded to the Department by despatch No. 66 dated January 5th).† Specific references of interest are sections 201 of subpart B and 533 and 534 of subpart E. The work of linking these regulations with a customs procedure designed to ensure the compliance of United States importers is in progress and it is expected that instructions to customs authorities will be issued within two weeks.

7. The plan being worked out contemplates using the existing customs definition for determining the country of origin. If this results in specifying China or North Korea as the country of origin, the goods will be impounded until proof is presented to customs that payment in United States dollars has been made into a blocked account. Precise procedural methods are being developed to prevent practices "which would make a mockery of existing regulations which have the status of law".

3. Treasury Department representatives hold the opinion that the regulations in force, buttressed by customs procedures now being developed, will bring import trade from China and North Korea to a virtual standstill. The method employed is expected to produce results closely approaching an embargo although embargo techniques are not being employed. Paragraph 4 of teletype message WA-3414, dated the 29th of December, 1950 should therefore be modified accordingly.[4]

9. The question of familiarizing United States importers with the ramifications of these trade restraints is being taken up with the "National Council of American Importers" which is considered to be the best medium for providing additional trade publicity. Discussions with this organization have included the subject of trans-shipments. Subject to the customs rules with respect to country of origin, the same requirement for payment into a blocked account will be necessary regardless of the number of trans-shipment points.

10. It was emphasized that evasive procedures such as barter, deferred payment, and payment from funds lodged outside the United States will not qualify the goods for release and that transfer of title outside the United States will not be acknowledged unless it occurred before December 17th, 1950, the effective date of the financial controls.

11. One apparent weakness in the existing regulations is that the value which must be paid into a blocked account is the value billed by the Chinese exporter. If the exporter wishes to give the goods away, the financial controls of themselves would not offer a bar. This might mean that an evasive payment could be made by the United States importer from funds lodged abroad. When asked about this feature, Arnold of the Treasury Department said that a watch would be kept for illegal transactions of this nature and evidence of below-value shipments would be carefully investigated.

12. There are many transactional features about goods coming within the scope of these regulations which will not be clear until working arrangements with the customs bureau have been effected and it may be preferable to delay consideration of notifying Canadian traders about the United States regulations related to trans-shipments until that time.

13. The Canadian policy with respect to imports into Canada from China and North Korea for consumption or trans-shipment to points other than the United States has not been considered as being within the scope of the discussions with the Treasury Department, despite the general comment reported in paragraph 2 of WA-3414, dated the 29th of December. Treasury Department interest is centred in the question of re-exports from Canada, and Willis of the Treasury Department has been informed that we do not appear to have any legal authority for import controls at present that could be used to prevent goods being imported into Canada from China and North Korea for re-export to the United States.

(Please pass copy to J.H. English through Mr. Heasman's office).

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[4] Voir/See Volume 16, Document 1037.

947. DEA/11280-40

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-242 Washington, January 19, 1951

CONFIDENTIAL. IMPORTANT.

Repeat Permdel No. 44.

RE EXPORTS TO CHINA, KOREA, HONG KONG AND MACAO

1. Canadian and United States officials concerned with export controls met yesterday and today. In order that all interested officials of both governments might be informed of Canadian and American policies a short confidential statement was agreed upon. This would be used as a guide to answering questions which members of the public might ask. The statement follows at the end of this message.

2. In addition, it was emphasized by Canadian officials that in so far as Canadian export restrictions might be less rigorous than United States export restrictions Canadian firms would not be allowed to take advantage of the situation. Only normal exports from Canada would be allowed; thus, Canada would not deliberately frustrate United States policy.

3. The statement referred to in paragraph 1 is as follows:

Text begins:

CONFIDENTIAL January 19, 1951

EXPORTS TO CHINA, KOREA, HONG KONG AND MACAO;
POLICIES OF UNITED STATES AND CANADIAN GOVERNMENTS

1. *Exports to Korea.* Policies are identical. Neither Government allows any exports except to United Nations armed forces.

2. *Exports to Hong Kong and Macao of goods that are not considered liable to be re-exported to China or Korea, or other Communist areas.* A new United States policy is in process of adoption. When adopted, policies of the two governments will be virtually identical. Both would allow limited shipments of both strategic and non-strategic goods for use in Hong Kong (and Macao) or for transhipment to destinations other than China, Korea, or other Communist areas.

3. *Exports to China direct or through Hong Kong or Macao.* There is an apparent divergence of policy. The Canadian Government would permit exports of goods that were neither strategic nor in short supply. The United States Government would not. The apparent divergence does not produce any significant divergence in practical results. The Chinese Communist Government will not permit the import of goods for ordinary civilian consumption; it permits only essential raw materials, capital equipment and other strategic items. These latter classes of imports are vir-

tually identical with the classes of goods considered either strategic or in short supply by both U.S.A. and Canada. Under present conditions neither government would permit these goods to move.

Note: The above confidential statement was drawn up at a meeting of United States and Canadian officials concerned with export controls on January 19th, 1951. Text ends.

948. DEA/9030-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures[5]

Memorandum from Head, Economic Division, to Under-Secretary of State for External Affairs[5]

[Ottawa], May 14, 1951

CANADIAN TRADE WITH CHINA

On March 7th the United States Department of the Treasury issued a regulation directing Collectors of Customs to prohibit the landing in the United States of merchandise of Chinese or North Korean origin intended for consumption, for immediate exportation, or for transportation and exportation. There are a few other purposes to which the prohibition applies, but they are not of immediate concern to us. Landing of this merchandise is only permitted if an import license is granted, and application must be made to the Federal Reserve Bank in New York. The regulation applies to goods moving to Canada in transit through the United States, which are of Chinese or North Korean origin.

2. These import controls were imposed by the United States to reduce the opportunities, among other objectives, of Communist China obtaining United States currency. United States citizens are, in the great majority of cases, denied import licenses as the Treasury Department has decided that, to obtain the desired results, significant exceptions can not be allowed.

3. The effects of this policy were soon felt in Canada and the Embassy in Washington was asked to approach Treasury officials to see what procedure could be developed for the release of goods of Chinese origin purchased in China or Hong Kong and shipped in bond from United States ports.

4. The first reaction of the Treasury officials was not unfavourable to Canadian interests. They believed that the Foreign Assets Control Division would probably give immediate assent to any Canadian application for an import license when it was supported by the Department of Trade and Commerce. They expected that these licenses would relate for the most part to Canadian strategic procurement i.e. purchases on behalf of the Canadian Commercial Corporation or the Canadian

[5] Notes marginales :/Marginal notes:
Mr Norman Could you add your comments E.R[eid] May 16/51
No comment E.H.N[orman]

Armed Forces direct. They also recognized the possibility of small Canadian importers, working for their own account and not on behalf of a Government agency, finding themselves pinched by the regulation, and said that as long as the amount involved was not too large and the bona fides of the firm was attested to by the Canadian authorities, licenses could probably be arranged for them. It was understood, however, that the Canadian authorities would direct the attention of Canadian importers and banks to the Treasury regulation and that there should be in due course a gradual decrease in and eventual end to, hardship cases. Throughout the conversations it was stressed that the United States authorities had no intention of allowing the use of United States port facilities to any Canadian importers who were attempting to circumvent the regulation by doing important business with China when these facilities were being denied to United States importers.

5. It was ascertained that the Treasury Department had not made a specific study of the regulation in the light of existing international treaties or international commercial law. The regulation was brought into effect by administrative action alone. Interference with in transit goods not the property of United States nationals would appear to infringe on the sovereignty of Canadian buyers' commercial rights and contravene Article V of Part I of GATT (Freedom of Transit). Our Commercial Counsellor in Washington has expressed the opinion, however, that it does not seem unreasonable, from the United States point of view, to decline, after reasonable warning and a preparatory period, to accord its port facilities to foreigners for trade which it does not permit to its own nationals.

6. The Acting Director of the Foreign Assets Control Division has since let our Embassy know that:

(1) new applications for import licenses covering goods of Chinese origin will be dealt with in the strictest possible way. It is considered that importers should be well aware by now of the FAC regulation, and shipments after March 15th from Hong Kong or China will be regarded with suspicion.

(2) FAC would be inclined generally, when letters of credit or drafts have been executed, to protect the bank and pass the onus on to the importer.

(3) FAC might require that the goods be returned to their point of origin, and from there, the goods still being in his name, the importer might make arrangements for direct shipment to Canada by other than United States flag vessels.

(4) FAC would not consent to the carriage from United States West coast ports to Vancouver or other Canadian ports of goods originating in China or North Korea by vessels not of United States flag.

7. Mr. Bull believes that we should not press too hard for concessions in favour of Canadian importers when their counterparts in the United States are subject to the full impact of the regulation. He considers that we can not be too critical of the stand taken by the United States regarding trade with China and that it is doubtful if the United States could be persuaded to waive the regulation in favour of Canadian importers. Mr. Bull expresses the view that if the United States intends to impose the equivalent of sanctions on China, that would appear to be its business.

8. The Department of Trade and Commerce considers that it would be a reasonable compromise, if FAC would licence shipments consigned to Canada paid for

prior to March 15th, and that provision also be made for the importation of commodities that are licensed for consumption in the United States, such as bristles, and perhaps feathers.

9. Canada has no import restrictions on trade with China and if importers can arrange for shipping facilities direct to Canada in other than United States flag ships, they would be subject only to a possible increase in landing costs.

10. As a matter of interest in 1950 imports from China and Hong Kong amounted to $7,500,000 and exports, to $10,000,000. Mr. Bryan in New York is now trying to find out from the Federal Reserve Bank how many applications for import licenses have been submitted by Canadian firms.

11. I am inclined to agree with Bull's views. Do you agree?[6]

A.F.W. P[LUMPTRE]

3e PARTIE/PART 3

RÉPUBLIQUE DE CHINE : QUESTION DE RECONNAISSANCE
REPUBLIC OF CHINA: QUESTION OF RECOGNITION

DEA/50055-B-40

949.

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

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

SECRET [Ottawa], June 9, 1951

The following is a reconsideration of the advantages and disadvantages of the withdrawal of recognition from the Nationalist Government of China prepared after seeing the personal and confidential letter of May 30† which Mr. Wrong sent to you to record a conversation he had had with Messrs. Walter Lippmann and Herbert Elliston.

2. Continued recognition of the Chinese Nationalist Government by a majority of the Western powers undoubtedly serves as an irritant to the Central People's Government and contributes to its suspicion that the long-run objective of those powers is to reinstate Chiang Kai-shek in China. This suspicion can only have been reinforced by MacArthur's statements about transforming the Pacific into a peaceful (i.e., American) lake and the stepping-up of United States assistance to the Nationalist Government.

3. The combination of continued recognition and the physical location of Nationalist forces on Formosa is particularly explosive with its implication from the Chinese point of view of intervention in the Chinese civil war. Withdrawal of recognition from the Nationalist Government might serve to allay Peking's suspi-

[6] Note marginale :/Marginal note:
Mr Reid I think Bull's attitude the right one May 22 A.D.P.H[eeney].

cions on this point to a certain degree, especially if it were accompanied by some expression of intention on the part of the United States not to maintain a hold on Formosa in perpetuity, an expression which could also carry the implication that the way was being cleared for recognition of the Central People's Government and for the representation of that government in the United Nations.

4. To have substantial practical effect, withdrawal of recognition by Canada from the Chinese Nationalist Government should be accompanied or followed by similar action on the part of other western governments. The maximum effect, of course, would only accrue if such action were also taken by the United States. In their discussion at dinner Messrs. Lippmann and Elliston appeared to think that withdrawal of recognition by Canada might serve a useful purpose by encouraging moderate opinion in the United States to support similar action by their government. It is to be noted, however, that this suggestion was qualified by the consideration that recognition should not be withdrawn immediately but only when there seemed to be a real prospect of a Korean settlement. It would also be advisable to take such a step only after consultation with the United States government. Mr. Wrong has not recently consulted that government but could easily do so informally.

5. The basis of Walter Lippmann's editorial which was enclosed with Mr. Wrong's letter was that peace in the Far East is indivisible, that it is not possible to seek peace with China in Korea while waging war against China elsewhere. The withdrawal of recognition from the Nationalist Government, if this thesis is accepted, therefore would have significance in Chinese eyes only if there was the implication that the United States would be willing to see Formosa reunited with the mainland of China in the near future. The Central People's Government would not be inclined to accept an arrangement in which the United States "neutralized" Formosa, even if that neutralization extended beyond the present military neutralization (which is not in fact very effective as a restraint on the Nationalists) to include political neutralization by withdrawal of recognition from Chiang Kai-shek. Neutralization of Formosa, no matter how complete, implies aggression in Chinese eyes if it is done by the United States alone. While, therefore, withdrawal of recognition from the Nationalist Government by the United States is desirable, it is useful only if it indicates a willingness to treat with the Central People's Government on a basis of equality and not from a pedestal of moral superiority.

6. The same argument applies to the proposal to accompany withdrawal of recognition from the Nationalist Government by support for further sanctions against China. If it is accepted that peace in the Far East is indivisible and that it is impossible to wage war on China in one field while trying to make peace with it in another, then it would be unwise to make a bargain of this nature, especially as the end result might well be to leave us in the position of lending our support to United States suggestions for additional sanctions while failing to secure United States support for withdrawal of recognition from the Nationalist Government.

7. If recognition were withdrawn from the Nationalist Government of China, we should not have to alter our current policy in voting on the question of Chinese representation in the United Nations. Our current practice is as follows:

(a) In organizations which are competent to take decisions on the matter

(i) we support motions for postponement provided that no specific time limit is fixed; or

(ii) if the substantive question is voted on, we abstain.

(b) In subsidiary bodies of United Nations organs and of the Specialized Agencies we support motions of non-competence or, if necessary, oppose motions designed to alter the present representation of China in such bodies.

8. The legal considerations in connection with the withdrawal of recognition from the Nationalist Government without simultaneous recognition of the Central People's Government are attached as appendix "A".

A.D.P. H[EENEY]

[APPENDICE A/APPENDIX A]

SECRET

Legal Considerations

1. Having met the objective conditions prescribed by international law; effective control of the national territory, obedience of the bulk of the population and a reasonable prospect of permanency; the Chinese Communist Government has qualified for recognition as the *de jure* government of China. Conversely the Chinese Nationalist Government is not, according to international law, entitled to continued recognition as the Government of China.

2. Withdrawal of recognition of a government may be expressly communicated but it is usually implied in the recognition of a new authority. Instances are very rare where withdrawal of recognition from one authority has not been accompanied by the recognition of a new authority as the government of the state concerned. The only definite case on record appears to be the United States Government's withdrawal of recognition of the Government of Nicaragua in 1856, without recognizing a new authority. The reason given was that it was not clear which authority was actually in control. In 1942 Canada (but not the United Kingdom or the United States) withdrew recognition of the Vichy Government without at the same time extending recognition to any other authority in France. This is not a useful precedent, however, since all of France was, to all intents and purposes under the *de facto* control of Germany.

3. It would be paradoxical not to recognize a government of China while continuing to recognize the existence of the Chinese state, since a condition of the recognition of a state is that it possess an independent government. Furthermore, the withdrawal of recognition of the Nationalist Government combined with continued non-recognition of the Communist Government would have the effect of depriving the Chinese state to a substantial extent, vis-à-vis Canada, of its status under international law. In view, however, of the very limited nature of relations between China and Canada this would have very little practical effect.

4. Withdrawal of *de jure* recognition of the Nationalist Government without recognizing the Peking Government in substitution would create a situation wherein

in fact the Peking Government would control the Chinese mainland and the Nationalist Government, Formosa. The question of *de facto* recognition of these governments as opposed to *de jure* recognition, need not, it is suggested, be the subject of any announcement or political decision at this time. It is unlikely, but nevertheless possible, that the situation could arise where Canadian courts would seek a statement from the Government as to which of the Chinese governments is the *de facto* government in a particular area. If such an event arose, it is submitted that the certificate should be given in accordance with the facts.

5. Withdrawal of recognition of the Nationalist Government gives rise to several other considerations:

(a) Chinese indebtedness to Canada amounts to approximately $50,000,000, $35,000,000 of which represents the value of military equipment supplied to the Nationalist Government. It is doubtful whether the Nationalist Government would liquidate this debt even if recognition were not withdrawn;

(b) A loan of $13,000,000 by Canadian banks to the Ming Sung Company of China is guaranteed jointly by the Canadian and Chinese Nationalist Governments. Withdrawal of recognition of the Nationalist Government would leave the Canadian Government the sole guarantor of this debt;

(c) The Canadian Government would have to assume responsibility for safeguarding Chinese property in Canada which, according to information available, consists of real estate in Vancouver and Ottawa.

6. In view of the fact that recognition is popularly misconceived as connoting approval, it might be desirable to emphasize that the withdrawal of recognition of the Nationalist Government, if it should be decided upon, is not based upon disapproval of that Government but upon the fact that it no longer governs China. Withdrawal of recognition of the Nationalist Government will not, in the absence of an intention to do so, imply recognition of the Communist Government.[7]

[7] Note marginale :/Marginal note:
Mr. Heeney — Mr. Pearson wanted to thank you and the drafters for this memorandum. He does not think any action can be taken now; but this weighing of the pros & cons may be very useful in the future. D.V. LeP[an] 15 June 1951.

4e PARTIE/PART 4

JAPON
JAPAN

SECTION A

TRAITÉ DE PAIX
PEACE TREATY

DEA/50051-40

950.

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1026 Washington, March 27, 1951

SECRET

Reference: My WA-946 of March 14, 1951.†

JAPANESE PEACE TREATY

1. When I saw Mr. Dulles on March 14th he told me that he expected shortly to be able to give to the representatives of governments which are members of the Far Eastern Commission and to the representatives of Indonesia, Ceylon, and Korea the text of a suggested draft of a Japanese Peace Treaty, together with an explanatory memorandum. Mr. Dulles asked me to see him this morning in order to receive these documents. These I enclose, in duplicate.[§] I have not yet had time to study them carefully. As it is desirable to forward them by today's diplomatic bag, this despatch is confined to a report of my conversation with Mr. Dulles.

2. In handing me the text of the draft Treaty, he drew attention particularly to the footnote at the end of Chapter 4 dealing with security in order to emphasize that it was contemplated that the provisions of the Treaty must be supplemented by a bilateral agreement between the United States and Japan and also by wider security arrangements among certain Pacific states. He repeated that any bilateral arrangements which would permit the stationing of United States forces in Japan after the inclusion of the Treaty would be of an interim character only until Japan could provide the ground forces necessary for home defence.

3. He also drew attention to a brief footnote which appears towards the bottom of page 6 dealing with reparations, explaining that this was inserted mainly because of the strong objections taken by the Philippine Government to any renunciation of reparation claims.

§ Voir/See United States, Department of State, *Foreign Relations of the United States, (FRUS)*, 1951, Volume VI, Washington, D.C.: United States Government Printing Office, 1977, pp. 944-950.

4. As to procedure, he said that he had already handed these documents to the Embassies of the United Kingdom, Australia, and New Zealand, and would give them this week to the representatives in Washington of the other countries named in the first paragraph of the covering memorandum. The Soviet Embassy would be the last to receive them, and as the Soviet Government now took the position that it refused to discuss the Japanese Peace Treaty with the United States the documents would merely be delivered by note to the Soviet Ambassador. He hopes that the recipient governments will all make known their views in writing within three or four weeks so that the draft may be reviewed in the light of the comments received. I told Mr. Dulles that I thought it likely that the Canadian Government would be able to comment on the draft within the period which he mentioned.

5. Mr. Dulles went on to say that so far as he could judge the points of difficulty were not numerous. There were the objection of the Philippines over the surrender of reparation claims, an objection made fairly strongly by the United Kingdom with support from Australia and New Zealand over the absence in the draft of any admission of war guilt, and the desire of the United Kingdom to bring about through the Treaty a reduction in Japanese ship-building capacity. These were the main differences which had been brought to his attention, except for the comprehensive objections of the Soviet Union.

6. I asked Mr. Dulles whether any effort was being made to bring about the conclusion of some security arrangements in the Pacific in advance of the conclusion of the Japanese Treaty, mentioning in particular the part which these issues were playing in the Australian general election. He said that he had not been approached recently by the Australian Government, although he understood that that government was applying some pressure on the United Kingdom to secure strong support for arrangements on the lines discussed during his recent visit to Canberra. He added that there was no possibility that anything could be settled before the Australian elections, saying that the matter had not yet been considered by the President and the Joint Chiefs of Staff as he wished to be able to present to them more concrete proposals than was now possible. The outline of what he now has in mind does not differ from that given in my WA-947 of March 14th† reporting my earlier talk with him on this subject. While the inclusion of the Philippine Government in any arrangements cannot be regarded as firm, he feels strongly that they should be included in order to avoid any suggestion of a colour bar as well as for other reasons. At present he contemplates that whatever may come out of these discussions should be signed at the same time as the Japanese Treaty.

7. I took this opportunity of informing Mr. Dulles, as authorized by your message EX-597 of March 22nd,[9] that the Canadian Government agreed with the general objectives of the proposals discussed at Canberra by him with Messrs. Spender and Doidge, adding, however, that we were rather puzzled about the suggested addition of the Philippines. I shall be sending you shortly a more comprehensive reply to your message on this subject.

[9] Voir le document 943./See Document 943.

8. I asked him whether he expected there would be any difficulty about making Korea a party to the Treaty, inasmuch as the formal renunciation of Japanese "rights, titles and claims to Korea" would be incorporated in the Treaty itself. He said that he considered that the independence of Korea has been so widely recognized since the end of the war that it cannot sensibly be argued that it must be based on the Peace Treaty. The establishment of diplomatic relations with Korea by many countries and the contents of several resolutions of the General Assembly provide a broad enough legal basis to rebut any juridical objections that might be taken.

9. Finally, Mr. Dulles said that he hoped that the secrecy of the draft Treaty itself would be preserved during the next stages of its discussion. He had no objection to some publicity being given, as the need might arise in dealing with parliamentary and public enquiries, to the general terms of the proposals; it would be unfortunate, however, if the draft itself were to be made public, as that would make it harder for it to be altered in the course of negotiations. He told me that he will be outlining the ideas contained in the draft and the reasons for their inclusion in a speech which he is to deliver in Los Angeles in a few days. He remarked that there could be no assurance that the draft would not leak to the press, mentioning in passing Mr. Romulo's "admirable press relations". He agreed also when I said that it might be broadcast to the world by the Soviet radio, as had been done with the text of the brief Statement of Principles which he had circulated last autumn in New York.

10. If on perusal of these documents points occur to you on which you desire further information, I can readily secure this from Mr. Dulles or Mr. Allison.

H.H. WRONG

DEA/50051-40

951.

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-941 Ottawa, April 30, 1951

SECRET. IMPORTANT.

Reference my immediately preceding teletype.†
Following is the text of the memorandum to be given to the State Department.
Begins.

Memorandum to the United States re Japanese Peace Treaty

1. The Canadian Government is preparing its comments in detail on the provisional draft of a Japanese Peace Treaty which was annexed to the United States Government's memorandum of March 27, 1951.† However, it has been decided, prior to the completion of more detailed comment, to seek the views of the United States Government on four issues which, in the Canadian Government's view, are of central importance. These issues are, the precedent established by the Japanese

peace treaty for the German peace settlement, the question of a proper Chinese signatory, the disposition of former Japanese territory and the security aspects of the treaty. The Canadian Government would be grateful, therefore, to have the views of the United States Government on the questions and suggestions set out below.

Precedent for German Settlement

2. It is certain that the Japanese peace treaty will establish a precedent for the German peace settlement. This will be the case whether consideration is being given to the formal peace treaty for Germany or whether the subject is being pursued in diplomatic discussions among the powers principally concerned with the German peace settlement. The Canadian Government would be interested, therefore, to have the views of the United States Government on the precedent established for the German treaty by a Japanese treaty along the generous lines of the draft under consideration. It would be particularly useful to know whether the United States Government would favour a German settlement which would contain no limits on German rearmament or German heavy industry.

Parties

3. It has been noted that no mention is made in the preamble of the draft under consideration of the exchange of credentials by the signatories, an exchange which is normally covered in any treaty by some such statement as "The under-signed plenipotentiaries, who, after presentation of their full powers, found in due and good form, have agreed ...". The Canadian Government is fully aware of the procedural difficulties faced in the Japanese peace treaty and assume that these difficulties are responsible for the omission.

4. The lack of unanimity among the Governments which, by general consent, have the greatest interest in the Japanese peace treaty as to the proper Chinese signatory poses the major problem. The Canadian Government is concerned in addition with the effect of this problem on future relationships between Japan and China. It might be undesirable, from the point of view of future stability in the area, that Japan be bound to accept the signature of any Chinese Government, upon which the opinion of the Allied Powers is divided, to a treaty with such important implications for itself and China.

5. The Canadian Government shares the views of the United States Government that an early peace treaty with Japan is desirable. For this reason and because of the difficulties already mentioned, we suggest that, while provision be made in the treaty for signature on behalf of China, the signature be delayed for the present. An accession clause could be included in the treaty to which China might later adhere. This procedure could also be followed in the case of other governments which might be unwilling or unable at present to adhere to the treaty.

Territories

6. The Canadian Government is of the opinion that the Japanese peace treaty should, insofar as it is possible, follow the spirit of wartime agreements concerning the disposition of former Japanese territories. It is realized, however, that certain of the territories, notably Formosa, have become issues of international concern apart

from their relation to the Japanese peace treaty. In the interests of reaching agreement on the treaty itself, the Canadian Government is of the opinion that Japan should be called on to renounce all her rights, titles and interests in her former territories, leaving their disposition to be decided upon outside a treaty.

7. For this reason we would favour the deletion of Article 5 of the draft under consideration and the simple enumeration of the territories mentioned in it in the first sentence of Article 3 along with the territories already enumerated. The Canadian Government would suggest that the same principle should apply to the territories mentioned in Article 4 of the draft under consideration but would, for the present, wish to reserve its position in regard to this Article.

Security

8. In the note appended to Chapter IV of the draft under consideration, it is stated that the clauses dealing with security are not in themselves complete but are to be supplemented in order to "enable Japan hereafter to contribute to its security without developing armament which could be an offensive threat or serve other than to promote peace and security in accordance with the purposes and principles of the United Nations Charter". The Canadian Government would be interested to have the views of the United States Government as to how supplementary agreements might effectively limit the potential offensive threat of a Japan whose rearmament is not restricted in terms of the peace treaty. Ends.

DEA/50121-B-40

952.

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-1936 Washington, May 8, 1951

SECRET. IMPORTANT.

Your messages EX-940† and 941 of April 30th. Japanese Peace Treaty.

1. Mr. Dulles handed me today a memorandum replying to the memorandum contained in your EX-941. The text of this is as follows: Begins:

Response to the memorandum of the Canadian Government to the United States re Japanese Peace Treaty.

Precedent for German Settlement

It is the view of the United States that it would be extremely difficult, perhaps impossible, to conclude either a German peace settlement or a Japanese peace settlement if it were assumed that the provisions of the German settlement must serve as a precedent as regards Japan and that the provisions of the Japanese settlement must equally be precedents applicable to Germany. The Japanese and German situations are dissimilar in many essential respects and it is the view of the United States that the problem of German armament, as well as other German problems,

would not necessarily receive the same solution as might be adopted in relation to Japan.

Parties

The United States takes note of the suggestion of the Canadian Government with respect to a later accession to the treaty by China. The United States is not unmindful of the difficulty created by differences of opinion as to the proper Chinese signatory and appreciates the constructive approach of the Canadian Government in this connection.

Territories

The United States notes the suggestion of the Canadian Government that Japan might merely renounce its title to the southern part of Sakhalin Island and the Kurile Islands, rather than cede them to the Soviet Union subject to the proviso (Article 19) that the Soviet Union become a party to the treaty. The United States believes that this subject can with advantage be further considered if and when the ultimate attitude of the Soviet Union toward the treaty is made apparent. The United States has not yet abandoned the hope that the Soviet Union might become a party to the treaty; but if this hope must vanish, the provisions of Article 5 might well be reconsidered.

With respect to Article 4, the United States would not wish to see the future of the Ryukyus and Bonin Islands made less certain than is there indicated.

Security

It is the view of the United States that the way most effectively to limit what the Canadian memorandum calls "the potential offensive threat" of an island nation like Japan is to make the security of the Japan area a matter of collective international concern, which would as a practical matter assure that Japanese armament, if it occurred, would develop as a cooperative, rather than a purely national, project. As the President of the United States indicated in his statement of April 18th, 1951, the United States is prepared now to take what the President referred to as "natural initial steps in the consolidation of peace" in the Pacific Ocean area and, as one of such steps, to enter into a post-treaty security arrangement with Japan.[10] The United States contemplates that this arrangement would establish, in principle, that Japan should not possess armament which could be an offensive threat and further contemplates that, under the arrangement, there would be continuing coordination and cooperation. Text ends.

2. During a brief conversation he made the following points: (a) While he kept closely in touch with those in the State Department who are working on the German settlement, it had been agreed that they would make no effort to correlate the terms of the Japanese treaty with the possible terms of the German settlement. He had secured the concurrence of the German Bureau in the reply in the memorandum to our inquiry. (b) He would be discussing further with the British Government the question of an accession clause for China when he visits London late this

[10] Voir/See *Public Papers of the Presidents of the United States: Harry S. Truman, 1951*, Washington, D.C.: United States Government Printing Office, 1965, pp. 234-235.

month. (c) On the problem of security he repeated his well-known views on the unwisdom of imposing restrictions by the victor on the vanquished of a character which was sure to arouse resentment, pointing out that the North Atlantic countries were already anxious to get rid of the restrictions on rearmament in the Italian Peace Treaty. He said that he had come to the conclusion that unilateral treaty restrictions of this type were almost invariably a mistake as they prevented the development of co-operative relationships. Ends.

DEA/4606-D-40

953.

Le sous-ministre des Pêcheries
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of Fisheries
to Under-Secretary of State for External Affairs

CONFIDENTIAL

Ottawa, May 17, 1951

RE PEACE TREATY WITH JAPAN AND PACIFIC COAST FISHERIES

Following recent talks on this subject between representatives of our two Departments and consultations with our industry, we have some provisional views on the subject which I should like to place before you for further discussion before our meetings with the United States State Department in Washington at the end of this month.

1. We are anxious to find a method of protecting the West Coast fisheries against encroachment by Japanese or other nationals not concerned until now with the development of those fisheries.

2. Any arrangement that did not take that into account would be difficult for us to accept.

3. The fisheries provisions in the draft Peace Treaty submitted by the United States and by the United Kingdom do not appear to be adaptable for our purpose.[11]

4. The Japanese, not having fished here before the war, should not be put in a better position by the Peace Treaty than they were before the war. Consequently, the Dulles-Yoshida arrangement[12] or the draft provisions of the Peace Treaty as proposed by the United States, would be difficult to accept, particularly since they seem to imply an invitation to Japan to participate in fisheries developed by us in some cases jointly with the United States.

5. In principle, we would agree to the establishment of a triple zone in the Pacific:

(1) Zone of the High Seas adjacent to our coasts which would be subject only to regulation by Canada and the United States and from which Japan would agree to keep out her nationals;

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[11] Voir/See *FRUS*, 1951, Volume VI, pp. 1024-1037.

[12] Pour la correspondance entre Dulles et Yoshida du 7 février 1951, voir/For the exchange of letters between Dulles and Yoshida of February 7, 1951, see United States, Department of State, *Bulletin*, February 26, 1951, Volume XXIV, No. 608, p. 351.

(2) Zone of the High Seas adjacent to the coasts of Japan, which would be subject to the regulation of Japan and other Far Eastern countries and from which we would keep our nationals away;

(3) A middle zone in the Pacific in which we would agree to participate with Japan in joint conservation measures in respect of any fisheries that could be prosecuted by both countries in that zone, e.g. tuna fisheries.

6. If suitable restrictions along lines indicated here cannot be incorporated in the Peace Treaty, it would seem undesirable to include in the Peace Treaty any provision that would have the appearance of inviting Japan to participate in the fisheries adjacent to our West Coast.

7. It may be difficult to incorporate in a single document the divergent views of a number of countries having different interests in the Pacific area. Perhaps instead of trying to find a suitable clause to be inserted in the general Peace Treaty, it might be preferable to have special covenants on fisheries agreed to by separate documents, provided these could be signed by Japan before or concurrently with the signing of the Peace Treaty.

For your information I am enclosing herewith a copy of a resolution† passed unanimously by representatives of all the commercial fisheries organizations on the West Coast. You might also be interested in a resolution† passed at the Pacific Fisheries Conference at its annual meeting in Seattle. A copy of the latter is also enclosed.

STEWART BATES

954.

DEA/50051-40

Note

Memorandum

SECRET

[Ottawa], May 18, 1951

The Canadian Government has given careful attention to the draft of a treaty of peace with Japan proposed by the Government of the United States on March 27. Further to its preliminary comments of May 2, the Canadian Government offers the attached detailed comments for consideration by the Government of the United States. The Articles referred to in the attachment are those of the draft proposed by the Government of the United States.

2. The Canadian Government has drawn on its experience with respect to the Treaty of Peace with Italy in making observations on specific clauses of the United States draft. It would prefer, in several instances, that the wording of the United States draft be made more precise. Experience has proven that the lack of such precision often leads to difficulties of interpretation.

3. The Canadian Government suggests the need for provision of some opportunity for discussion of technical problems by a working party of experts. This procedure would seem of particular importance with respect to fisheries and war claims.

4. The Canadian Government will be interested to have the views of the Government of the United States on the comments and suggestions made in the attachment.

[PIÈCE JOINTE/ENCLOSURE]

COMMENTS OF THE CANADIAN GOVERNMENT ON THE DRAFT OF A PEACE TREATY FOR JAPAN PROPOSED BY THE GOVERNMENT OF THE UNITED STATES

Preamble

1. The Canadian Government agrees with the principles contained in the preamble proposed by the United States Government with certain reservations which are set out below. The Canadian Government believes, however, that it would be valuable if the language of the preamble were made more definite and in particular considers that there should be some reference in the preamble to the existence of a state of war between Japan and the Allied Powers.

2. It is suggested that the preamble should contain a list naming the Allied Powers similar to the list contained in the preamble of the Treaty of Peace with Italy.

3. While the Canadian Government would be prepared to encourage Japan to seek membership in the United Nations, it believes that it would be sufficient in the preamble of the treaty to use wording similar to that in the preamble of the Treaty of Peace with Italy. The Allied Powers would thereby be "enabled" to support Japan's application without being called on to accept the obligation implied in the preamble as presently drafted.

4. Although it will be the purpose of the Japanese peace treaty to look to the future in Japan's relationships with the community of nations, there is something to be said for including in the preamble some clause indicative of the fact that conclusion of the peace treaty brings to an end a situation brought on by an aggressive war. This would not be a guilt clause properly speaking but a clause designed to set the outbreak of hostilities in the proper historical perspective. As far as possible, the wording of the clause should avoid offending Japanese susceptibilities and any suggestion of revenge. The Canadian Government suggests, therefore, that there might be included in the preamble a clause along the lines of paragraph 6 of the Potsdam Proclamation. The clause should not stigmatize the Emperor, the present Japanese Government or the people of Japan but might in fact contain commendation of the steps taken by post-war Japan to buttress itself against a repetition of such an abuse of power. It might appear strange in the eyes of the world if Italy alone, the weakest member of the aggressive triumvirate, had to admit its share of responsibility. The Canadian Government therefore suggests some such clause as the following:

"Japan bears its share of responsibility for precipitating a war of aggression into which her people were deceived and misled by irresponsible and self-willed militarists".

Article 1

5. The Canadian Government agrees that an article terminating the state of war should appear in the treaty.

Article 2

6. The Canadian Government would not at the moment wish to offer any comment on this Article.

Articles 3, 4 and 5

7. The Canadian Government, in its memorandum of May 2 to the United States Government stated that in its opinion "the Japanese peace treaty should, insofar as it is possible, follow the spirit of wartime agreements concerning the disposition of former Japanese territories". In view of the lack of agreement on the disposition of some of the territory involved, we believe there is merit in an approach of the nature suggested in our earlier memorandum which would treat all former Japanese territory in a consistent fashion and not leave the way open for charges of discriminatory treatment of individual pieces of territory. The reply of the United States Government of May 8 did not comment directly on the principle involved in the Canadian suggestion.

8. The Canadian Government does not believe that this suggestion, if adopted, would leave the future of the Ryukyu and Bonin Islands "less certain" than is the case if the United States draft prevails. It is suggested that even more certain wording might be employed. After renunciation by Japan of its rights in the Ryukyu and Bonin Islands is suitably provided for in the treaty, a clause along the following lines might replace the present Article 4:

> "The United States shall have the right to exercise any powers of administration, legislation and jurisdiction over the territory and inhabitants of the Ryukyu Islands south of 29° north latitude, the Bonin Islands, including Rosario Island, the Volcano Islands, Parece Vela and Marcus Island including their territorial waters until such time as they are placed under the trusteeship system of the United Nations".

9. Confusion might arise if no reference is made to the nationality of Japanese domiciled in those territories, the disposition of which is provided for in these articles of the treaty. It is suggested, therefore, that some attention should be given to the inclusion of an article similar in intent to that of Article 19 of the Treaty of Peace with Italy.

10. The Canadian Government suggests that more precise wording might be employed in the case of that portion of Sakhalin with which the treaty is concerned as well as "the islands adjacent to it". It is noted that no provision is made for Quelpart Island which was regarded by Japan as part of Korea.

11. It would not seem necessary that Japan "accept the action of the United Nations Security Council" (Article 3) or "concur in any such proposal" (Article 4) since Japan will be bound by the terms of the treaty upon her signature of it.

Articles 6 and 7

12. The Canadian Government is glad to note from the reply of May 8 of the United States Government that the United States contemplates a post-treaty security arrangement with Japan which "would establish in principle that Japan should not possess armament which could be an offensive threat and further contemplates that under the arrangement there would be continuing co-ordination and co-operation".

13. The Canadian Government would be interested to know why the United States Government thinks it necessary to include Articles 6 and 7 in the treaty. While the Canadian Government does not object to the provisions of the Articles, it believes that they are not legally necessary since Japan could make treaties such as are suggested in Article 7 as a sovereign state and whether or not she joins the United Nations.

14. The Canadian Government is of the opinion that the treaty should contain a clause similar to Article 73 of the Treaty of Peace with Italy providing for the termination of the occupation of Japan.

Article 8

15. On first reading of Article 8 Canadian officials assumed that the phrase, "existing multilateral treaties and agreements designed to promote fair trade practices" was intended to include the General Agreement on Tariffs and Trade. They have been informed that this was not the intention. If this paragraph is reworded so as to exclude the possibility of misinterpretation, the Canadian Government has no comments of substance.

16. If the problem of possible Japanese accession to the General Agreement should arise in connection with the peace treaty, the Canadian Government would wish to advance the view that it is not appropriate to make any mention of GATT either directly or obliquely in the peace treaty unless the Contracting Parties should have reached prior agreement regarding the terms of Japanese accession. Signatories of the peace treaty which are also Contracting Parties would find themselves in an anomalous position if, after suggesting in the peace treaty that Japan accede to GATT, they were forced to vote against the accession if no satisfactory basis for accession were devised. Moreover it is likely that, regardless of whether or not Japan is enjoined in the peace treaty to accede to GATT, she would apply for membership of her own accord since GATT would almost certainly increase her area of Most-Favoured-Nation treatment with a minimum of reservations.

17. The Canadian Government believes that the appropriate forum for discussion of the accession of Japan to GATT is a future session of the Contracting Parties and that Allied Powers should not be required to place on record (by signature of the treaty) their approval of such accession before it is discussed by the Contracting Parties.

18. Apart from the relevance of this Article to the specific question of membership in the General Agreement on Tariffs and Trade, the Canadian Government is of the opinion that Japan should be called on to recognize in more positive terms her obligation to resume her responsibilities under international multilateral instru-

ments to which she was a party at the outbreak of the war. It should be recognized in any such undertaking that Japan might have to be re-admitted to membership in certain organizations of which she ceased to be a member by reason of the outbreak of war before she could again become party to certain of these instruments.

19. The Canadian Government foresees the value of Japan becoming a party to some multilateral instruments to which she has not heretofore been a party. It would seem reasonable that Japan should be called on to seek accession to multilateral instruments concerning matters in which Japan's pre-war record was bad. In this latter regard there are examples in the fields of narcotics, fisheries and commercial practices. The Canadian Government believes undertakings of this type might well be annexed to the treaty, possibly as a voluntary declaration on the part of the Japanese Government.

Article 9

20 The United States Government will be aware that provisions concerning Japan's future conduct with regard to fisheries are of special interest and importance to the Canadian Government. For that reason it has been suggested that experts from Canada and the United States should meet to discuss this problem. The comments of the Canadian Government on this clause are therefore preliminary and subject to revision in the light of discussions which it is hoped will take place in the near future.

21. The clause as it stands does not appear to cover the period intervening between the signature of the treaty and the coming into force of agreements on fisheries. In addition, no time limit is suggested by which negotiations might either be entered into or completed. It is suggested that these two points might be taken care of in a redraft of the clause. It is further suggested that the latter part of the clause might be redrafted to read:

"... formulation of new bilateral or multilateral agreements with respect to high seas fisheries among other things for the regulation, conservation and development of high seas fisheries".

Article 10

22. The Canadian Government agrees with the wording of Article 10 but suggests that an additional sentence might be added concerning the registration of treaties, which are renewed, with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations.

Article 11

23. The Canadian Government believes that the "special rights and interests" of Japan in China should be made clear, possibly along the lines of Articles 24 to 26 of the Treaty of Peace with Italy in order to prevent difficulties of interpretation in the future. The Canadian Government is of the opinion that it would be wise to make separate provisions for renunciation by Japan of all rights and interests it may have presumed itself to hold in Manchuria.

Article 12

24. The Canadian Government agrees in principle with the draft clause concerning war criminals. However, it would think it desirable that Japan be called on to accept and respect the convictions and sentences imposed by allied tribunals. The Canadian Government does not believe the treaty should provide for pardon of convicted war criminals since such a suggestion might give a future Japanese Government the opportunity to belittle the whole concept underlying the trial and punishment of proven war criminals. If in some instance evidence is forthcoming to prove the innocence of prisoners now incarcerated, ad hoc arrangements could be made to free the innocent.

Article 13

25. The Canadian Government is in agreement with what it takes to be the objectives of Article 13, namely:

(a) to pave the way for the rapid conclusion of commercial agreements between Japan and the several Allied Powers, and

(b) to require Japan to accord Most-Favoured-Nation treatment in respect of customs duties, etc. to each Allied Power for an initial period, provided that Japan might withhold from any Power treatment more favourable than such Power, subject to the exceptions customarily included in its commercial agreements, is prepared to accord Japan.

26. The Canadian Government considers it desirable to take all practicable steps to assist Japan to re-establish its position as a member in good standing of the world trading community, and thinks that Article 13 would serve a useful purpose in this regard. However, the Canadian Government may find it necessary to retain certain safeguards, not applied to most-favoured-nations generally, against the possibility of unfair competition from Japanese goods, if and when Most-Favoured-Nation treatment is extended to Japan. For example, Canada may wish to retain the right to apply fixed valuations for duty on certain Japanese goods. In this event Canada would be unable to extend Most-Favoured-Nation treatment to Japan without reservation. Canada does not apply fixed valuations to imports from other most-favoured-nations and could not do so under GATT. The Canadian Government would, of course, be prepared to concede to Japan the right to make similar reservations in respect of imports from Canada in the event of the exchange of Most-Favoured-Nation treatment with Japan.

27. The Canadian Government considers that if Japanese trade is to attain the appropriate level, balance, and stability considerable adjustments in the trading position of other countries will be involved. Some countries are more exposed than others to the impact of such adjustments. Canada, for example, is more exposed than certain important trading countries which have much higher Most-Favoured-Nation tariff rates against types of goods exported by Japan and than other such countries which have quantitative restrictions against imports of these goods. Thus the Canadian Government feels that it must retain appropriate means of dealing with possible dumping or concealed subsidies or exchange manipulation or other forms of unfair competition from Japan, and could not agree to any provision in the peace treaty which might prejudice its position in this respect.

Articles 14 and 15

28. The Canadian Government believes that these clauses do not treat in sufficient detail Japan's responsibilities with regard to war claims and Allied property rights and interests. This is a matter which could be best discussed by a working party of experts in the particular subjects and it is suggested that some opportunity be provided for such discussions. The views expressed below are of a general nature and should be considered as preliminary since it is our hope that the subject can be pursued in more detail in the discussions suggested above.

29. The Canadian Government is of the opinion that provision should be made for the liquidation and allocation among the Allied Powers of Japanese external assets in other than Allied countries. It believes that the Treaty should contain recognition by Japan of pre-war debts owed by Japan or Japanese nationals to Allied governments or Allied nationals. The Canadian Government considers that the stock of monetary gold and bullion and of precious metals and jewels, held by Japan at the close of the war and referred to often as the "gold pot", might be marked for distribution among countries with recognized claims to reparations from Japan.

30. The Canadian Government would be interested to have a further statement of the views of the Government of the United States with regard to the exemptions (i to v) set out in Article 14. It is noted that no such exemptions from disposal as reparations of similar classes of German external assets were granted in the Act of Paris on German Reparations. There is a further doubt as to the advisability of certain of these exemptions in that the return of property envisaged might possibly run counter to the domestic legislation of certain of the Allied Powers. The Canadian Government is of the opinion that if any of these exclusions or exemptions is to be retained in the treaty, this provision should merely require the Allied Powers to return the proceeds of the liquidation of exempted assets which they have liquidated without any further obligation on their part towards the Japanese former owners.

31. While the Canadian Government wishes to reserve its position on the question, it offers the following comments on the specific exemptions provided for in Article 14.

(i) The adequacy of the term "special measures" is questioned. It should be noted that the Canadian Government has already returned the proceeds of liquidation of property to a number of Japanese nationals who had been residing in Canada prior to seizure and vesting of their property by the Custodian of Enemy Property.

(ii) The Canadian Government could not return more than the proceeds of liquidation less administrative expenses and other charges even if the principle of return were accepted.

(iii) There is no serious objection to this exemption subject to our general reservations.

(iv) We would be interested to have some clarification of the purpose of this exemption.

(v) The Canadian Government is not convinced of the necessity to return trademarks to Japan except under terms satisfactory to itself.

32. It is questionable whether the penultimate paragraph of Article 14 should be included in a treaty with Japan since it concerns a matter between one Allied Power and another.

33. It is suggested that something should be written into the treaty concerning who is entitled to Japanese assets within territories renounced by Japan or within territory administered by any of the Allied Powers under United Nations trusteeship.

34. A drafting change would seem necessary in the second sentence of Article 14 in order to avoid any question by Japan as to whether property clearly vested in the Custodian of Enemy Property by Canadian legislation is property within Canada's jurisdiction as contemplated in the treaty. The Canadian Government suggests therefore that the words "However, Japan grants ... within their territories" might be replaced by the following: "However, the Allied Powers shall have the right to seize, appropriate, vest and retain in absolute ownership all property and all rights and interests in property of Japan and Japanese nationals which, between December 7, 1941 and September 2, 1945, were, according to their laws subject to their jurisdiction".

35. The Canadian Government considers that the last sentence of Article 15 relating to war loss of or damage to Allied property in Japan is most unsatisfactory. Nothing is known of Japanese domestic legislation on war damage claims nor have we any guarantee that any such legislation might not be revoked after ratification of the treaty. It seems unreasonable to place claimants arbitrarily at the mercy of the Japanese Government in a matter of this kind. In this connection certain of the provisions and safeguards of Article 78 of the Treaty of Peace with Italy should be included, especially the following:

(a) Apart from the actual war damage claims, compensation at an agreed percentage should be payable in respect of any financial loss (other than a loss of profits) incurred as a result of Japanese action.

(b) Provision should be made for compensation on a proportionate basis in respect of direct or indirect holdings by Allied nationals or corporations in Japanese corporations which have suffered war damage or sequestration.

(c) Compensation should be paid free of levies, taxes or other charges and be freely usable in Japan.

(d) The reasonable expenses incurred in Japan in establishing claims including the assessment of loss or damage should be borne by the Japanese Government.

(e) Allied nationals or corporations and their properties should be exempted from and have refunded any exceptional taxes, levies or imposts imposed since December 7, 1941 on their capital assets by the Japanese Government or its agencies for the purpose of meeting the costs of or charges arising out of the war, the occupation or reparations. Japan should be prohibited from levying on Allied nationals or corporations any such exceptional taxes, levies or imposts in the future.

Article 16

36. The Canadian Government agrees with the need for a clause under which Japan would renounce her claims against the Allied Powers for action taken during the war but believes that a more precise definition of the claims to be renounced should be included. It suggests a clause along the lines of Article 76 of the Treaty of Peace with Italy.

37. The Canadian Government is of the opinion that provision might be made for the appointment of special conciliation commissions or tribunals to deal with disputes arising out of individual war claims. While it would be desirable that the President of the International Court should appoint such special tribunals, it would not seem necessary to involve the prestige of the Court itself in disputes of a technical nature and of relatively minor importance. Provisions for the establishment of conciliation commissions or tribunals should be so drafted as to reduce to a minimum the risk of disagreements on such matters as membership of a conciliation commission or tribunal, the rules of procedure thereof, or the stage at which a dispute may be referred thereto. The Canadian Government, having in mind the experience gained with respect to earlier treaties of peace, would suggest that some provision be included in a clause of this nature defining when a dispute may be considered to exist. It might, in addition, be desirable to limit the period for settlement of a dispute through diplomatic channels in order that diplomatic exchanges could not be carried out indefinitely with the object of avoiding a decision.

Article 18

38. The view has already been stated (paragraph 2 above) that a listing of the parties to the treaty should be included in the preamble. The Canadian Government would be interested to know what, in the opinion of the Government of the United States, is the significance of the phrase "in a state of belligerency".

Article 19

39. The Canadian Government has no comment to offer on this Article.

Article 20

40. The Canadian Government would be glad to have the further views of the Government of the United States on the necessity of this Article.

Article 21

41. The Canadian Government agrees with the method of ratification of the treaty suggested in this Article. It has, however, two suggestions to offer. It would prefer that no reference be made directly to the Far Eastern Commission as such but that the parties to the treaty might simply be listed. The Canadian Government further suggests the words "as the principal occupying power" be deleted.

Article 22

42. The Canadian Government notes the re-appearance of the phrase "in a state of belligerency" in this clause to which reference is made in paragraph 38 above. The Canadian Government would suggest that some special provision must be made for participation of Korea in the treaty. While the Canadian Government would have no objection to signature of the treaty by Korea, it believes that no provision is

contained in the United States draft which would enable Korea to sign or accede to the treaty.

Additional Clause

43. The Canadian Government believes that Japan should assume special responsibility with respect to Allied war graves. This should include recognition by Japan of duly authorized personnel charged with administrative tasks concerning the maintenance and regulation of Allied war graves and cemeteries. Japan should be called on to facilitate the work of such personnel and to conclude any agreements with the Allied Powers which might be necessary in this respect. The Canadian Government would regard as satisfactory a voluntary declaration by Japan annexed to the treaty provided it were sufficiently precise.

DEA/4606-D-40

955.

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-1144 Ottawa, May 25, 1951

SECRET. IMPORTANT.

DISCUSSIONS RE JAPANESE FISHERIES

1. In the forthcoming talks with Mr. Dulles on Japanese fisheries, the Minister of Fisheries will put forward views along the lines of the letter from the Department of Fisheries of May 17 which was forwarded to you under letter No. Y-2000 of May 19.†

2. I am satisfied that these views accurately reflect Canadian interest in this particular aspect of the Japanese peace settlement. I share my colleague's opinion of the importance of this issue domestically and I believe the utmost effort must be made to convince the United States of the justice of our case. I realize that this will not be an easy task and that we must avoid two possible dangers: (a) giving the impression to the United States in the forthcoming discussions that we are prepared to recede from our position under United States pressure, and (b) implying that we will not sign the treaty unless they meet us on fisheries, and then giving in as soon as our bluff is called.

3. If United States authorities prove unwilling next week to accept the views which we put forward, it is important that the United States take no final decision to reject our representations. In such circumstances, we should try to keep the situation fluid by a provision for continuing discussion of the subject by representatives of our two governments prior to the signature of the treaty.

4. Mr. Mayhew would like to discuss the subject with you before he meets United States officials and I should be grateful if you would give him whatever assistance you can.

956.

DEA/4606-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

DESPATCH 1986

Washington, May 30, 1951

SECRET

Reference: EX-1144 of May 25, 1951.

DISCUSSIONS RE JAPANESE FISHERIES

The series of discussions with United States officials concerning Japanese fisheries was completed yesterday.

2. The Honourable Mr. Mayhew had a discussion with Mr. Dulles. He was accompanied by Mr. Bates who has prepared a separate report concerning that discussion, two copies of which are enclosed.

3. In addition to that discussion, three meetings of officials were held. Mr. Mayhew was present temporarily at one of these meetings.

4. The Canadian representation was Mr. Bates and Messrs. Matthews and Campbell. The United States team was headed by Mr. Russell Adams, who has been given a special appointment to coordinate under Mr. Dulles United States policy with regard to the Pacific fisheries in relation to the Japanese Peace Treaty. Amongst the United States representatives were Mr. Herrington and Mr. Chapman, whom he is to succeed as fisheries adviser in the State Department. General Snow of the Legal Division of State Department and representatives of the Japanese Desk and of the Economic Division were also present.

5. At the first meeting, Mr. Bates outlined the necessity, from the Canadian point of view, of excluding the Japanese from conserved fisheries in the Northeast Pacific and pointed out the zoning principle outlined in his letter of May 17 to the Under-Secretary as an acceptable solution from the Canadian point of view.

6. It immediately became apparent that the differences of view of the various United States officials had not yet been reconciled. As a basis of discussion, Mr. Adams handed to us two documents, one entitled "Some Tentative Ideas for U.S. High Seas Fishery Policy"† and the other "A Draft International Convention for the Fisheries of the North Pacific Ocean".† Eight copies each of these documents are enclosed.

7. The United States officials, when discussing these documents, appeared to fall into four groups as follows:

(a) *Political Officers.* The main concern of the political officers was that no precedent might be established in the Northeastern Pacific fisheries that might be used by countries in the Western and Southern Pacific in an effort to exclude Japanese fishermen from waters in these areas. For this reason, the zoning proposals put

forward by Mr. Bates were not favoured. The political officers appeared to be ready to accept an arrangement similar to that proposed in the draft Convention.

(b) *Economic Officer.* Mr. Corse, Acting Chief of the State Department Commercial Policy Staff argued strenuously against the exclusion of Japanese fishermen from any of the fisheries in the Northeast Pacific. He based his argument on the general policy of the United States Government against restraints of any type in the economic field but had the grace to admit that the Government was more successful in enforcing this policy in some areas than in others. There seemed to be little sympathy on the part of any of the other United States officials present for his point of view.

(c) *Legal Division Representative.* General Snow, on behalf of the Legal Division of the State Department, agreed that there should be no difficulty in excluding Japanese fishermen from any of the protected Northeastern Pacific fisheries by means of a treaty or convention. While he did not appear to have taken part in preparing the draft Convention he apparently thought that the desired purpose could be achieved along the lines suggested in that draft.

(d) *Fisheries Officials.* The fisheries officers of the Department of State and of the Department of the Interior all seemed to be strongly of the same opinion as Mr. Bates that the Japanese fishermen should and could be excluded from the protected fisheries in the Northeastern Pacific. They apparently had first been thinking along the lines of zones which had been referred to by Mr. Bates, but in order to meet the point of view of the political officers had personally prepared the draft Convention.

8. While no general United States view emerged from the discussions, the discussions themselves appeared to be of real value in adding support to the point of view of the United States fisheries officials. At the close of the meeting, Mr. Adams assured us that every effort would be made to develop a United States Government point of view quickly. He undertook to approach us again when this had been done and we told him that, when that had been accomplished, we would be ready to have further discussions with the United States authorities.

9. We stressed the necessity of working out a mutually satisfactory solution to this problem immediately. We pointed out that what was needed was not only a clarification of the United States point of view but a reconciliation of that point of view with the Canadian. When that had been accomplished, we said that, in our opinion, the Japanese should be informed of the basis upon which any fisheries convention might be negotiated. It was also pointed out that, if this Convention could not be signed immediately following the signature of the Peace Treaty, the present wording of the United States Draft Peace Treaty concerning fisheries did not appear to offer sufficient protection to the Canadian-United States interests.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

DFI/Vol. 1976

Note du sous-ministre des Pêcheries

Memorandum by Deputy Minister of Fisheries

SECRET

[Washington], May 30, 1951

MINUTE ON MEETING BETWEEN MR. DULLES AND HONOURABLE R.W. MAYHEW

On Tuesday, May 29th, Mr. Mayhew met Mr. Dulles in the latter's office at the State Department. Mr. Dulles had Mr. Adams present and I accompanied the Minister.

2. Mr. Mayhew outlined the Canadian views as these had been discussed in Ottawa and approved by Mr. Pearson. It was suggested that the fisheries clause in the present draft treaty and the earlier exchange of correspondence between Mr. Dulles and Premier Yoshida might be taken by the Japanese as an invitation to enter our conserved fisheries in the Northeast Pacific. Mr. Dulles did not believe that the Japanese would so interpret it. Mr. Mayhew referred, however, to the Sealing Convention and to the fact that, when the Japanese informed the U.S. a few weeks ago of their willingness to adhere, they asked at the same time for a share of the skins. Mr. Mayhew suggested that Japan would no doubt have a similar attitude regarding the Halibut and Salmon Conventions.

3. Mr. Dulles emphasized the need to keep fisheries questions out of the general Japanese Peace Treaty because

(a) The Peace Treaty could not include within it an international convention for the North Pacific.

(b) Conflicts of national and international views on the fisheries problems of the Pacific could not be reconciled in any short period of time. Dulles referred particularly to the inability of the U.S. Government to make up its own mind on fisheries, and to the fact that the Philippines, Australia and Latin America all had differing views on matters of fisheries jurisdiction.

(c) The political need within Japan for an early Peace Treaty after almost six years of military occupation.

(d) We could not negotiate a properly acceptable fisheries convention with Japan until she had regained her sovereignty. Otherwise, Japan would regard the convention as having been forced on her during the Occupation. Dulles thought that we and the U.S. should hasten the preparation of a fisheries convention and have it ready for discussion with the Japanese as soon as possible after the signing of the Peace Treaty.

4. Mr. Dulles then referred to the fact that he had passed the whole question of fisheries to Mr. Adams whose job it was to effect an early reconciliation of conflicting views within the U.S. Government. On being reminded that the Treaty did contain a fisheries clause, Mr. Dulles referred to his draft and replied that the clause was broad and general, and the only kind of clause he thought might be accepted by

all the powers without creating disputes more properly faced in a separate fisheries convention. He suggested we were unduly nervous in trying to get a Treaty commitment on fisheries from Japan. He said his exchange of correspondence with Premier Yoshida would maintain the status quo until a fishery convention was signed. Mr. Mayhew asked whether he would agree to have some paraphrase of the Premier's undertaking included in the Peace Treaty as the fisheries clause. He flatly said no on the ground that this might raise all sorts of fishery disputes and delay the signing of the Treaty itself. (Because of this statement and to make our position clearer, the Canadian group, discussing the details of a possible fisheries convention with U.S. officials, suggested that our Government might wish a clause inserted in the Treaty requiring Japan to stay out of the conserved fisheries until a separate fisheries convention were completed.)

5. Mr. Dulles reiterated his view that first of all the U.S.A. and then Canada together with the U.S. should determine what they want in a fisheries convention. He was confident that one could be devised that would secure the ends we desired and that it would be acceptable to Japan.

6. This Minute makes no reference to the extensive presentation of the Canadian views made by the Honourable R.W. Mayhew, since these are already on file in External Affairs as well as in the Department of Fisheries.

STEWART BATES

PCO

957.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 10, 1951

JAPANESE PEACE TREATY; DRAFT PROPOSALS

5. *The Minister of Public Works as Acting Prime Minister*, referring to the discussion at the meeting of March 15th, 1951, reported that the United States and the United Kingdom had now reached agreement on a draft peace treaty for Japan. The Acting Secretary of State for External Affairs had submitted a copy of the draft treaty with a covering note for the information of the Cabinet, since the U.S. government planned to publish the draft on July 12th.[13]

An explanatory memorandum was circulated.

(Memorandum, Acting Secretary of State for External Affairs and attached draft Treaty, July 9, 1951 — Cab. Doc. 189-51)†

6. *The Secretary to the Cabinet* said that the U.S. government had requested the comments of other governments by July 20th and that it was expected that recommendations in this connection would be available for Cabinet consideration before

[13] Voir/See United States, Department of State, *Bulletin*, Volume XXV, No. 630, July 23, 1951, pp. 132-138.

that date. The present text of the treaty contained a number of provisions arising from earlier Canadian comments and it was unlikely that any substantial changes would be recommended to Cabinet. The U.S. government hoped that, after it had received the comments of interested governments, it would be possible to hold an early conference of a largely formal nature for the purpose of signing the treaty.

7. *The Minister of Fisheries* indicated that Article 9 of Chapter 4 of the draft treaty, regarding fisheries questions, was satisfactory to his department, on the understanding that arrangements would be made for the terms of the Dulles-Yoshida exchange of letters of February 7th, 1951 to apply to the whole Pacific area. In this correspondence the Japanese government had undertaken that its fishermen would not enter waters in which they had not fished in 1940, pending the conclusion of bilateral and multilateral agreements providing for the regulation or limitation of fishing and the conservation and development of fisheries on the high seas.

8. *The Cabinet*, after further discussion noted the report from the Acting Secretary of State for External Affairs as submitted by the Acting Prime Minister, regarding the text of the draft peace treaty for Japan that had been approved by the U.S. and U.K. governments, and the comment of the Minister of Fisheries that Article 9 of Chapter 4 of the treaty was acceptable to his department, subject to the application to the whole Pacific area of the terms of the Dulles-Yoshida exchange of letters of February 7th, 1951; any recommendations as to further Canadian comments to be considered at a subsequent meeting.

...

958. DEA/4606-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-2775 Washington, July 10, 1951

CONFIDENTIAL. IMPORTANT.

JAPANESE FISHING

1. We have learned from Allison that it is the intention of the Japanese Government to issue the following statement very shortly with respect to fishing matters: Statement begins:

"In order that there shall be no misunderstanding the Japanese Government confirms that Japan's voluntary declaration in respect of fishing conservation contained in the Prime Minister's letter of the 7th February 1951 to Mr. John Foster Dulles, the special representative of the President of the United States, was intended to embrace fishery conservation arrangements in all parts of the world. The Government of Japan will in accordance with the above mentioned letter be

prepared, as soon as practicable after restoration to it of full sovereignty, to enter into negotiations with other countries with a view to establishing equitable arrangements for the development and conservation of fisheries which are accessible to the nationals of Japan and such other countries. The Government of Japan reaffirms that in the meantime it will, as a voluntary act, implying no waiver of its international rights, prohibit Japanese nationals and Japanese registered vessels from carrying on fishing operations in presently conserved fisheries in all waters, where arrangements have already been made either by international or domestic act, to protect the fisheries from over-harvesting and in which fisheries Japanese nationals or Japanese registered vessels were not in the year 1940 conducting operations." Statement ends.

2. You will note that this proposed statement by the Japanese Government reiterates the language contained in Prime Minister Yoshida's letter of February 7 to Mr. Dulles. We observed that in this statement the Japanese Government does not prohibit its nationals from fishing in conserved waters "pending the conclusion of negotiations", as suggested in paragraph two of CRO telegram No. 35 of June 28.† Allison said that the United States would be firmly opposed to the phrase "pending the conclusion of negotiations", which could result in indefinite Japanese exclusion without negotiation. Allison maintained that the phrase "in the meantime", as it appeared in the Yoshida-Dulles letter and in the proposed statement by the Japanese Government, means that the Japanese voluntarily exclude themselves from conserved fisheries, on the understanding that negotiations for agreement about such fisheries will be entered into within a reasonable time.

3. It appears very unlikely that the United States would agree to the addition of a clause to Article 9 of the proposed peace treaty with Japan, which would contain the substance of the Yoshida-Dulles letter. It therefore seems some advance that the United States has been persuaded of the necessity to have the Japanese Government make a public confirmation of the voluntary declaration with respect to conserved fisheries which was contained in Yoshida's letter of February 7.

4. We understand that the proposed statement by the Japanese Government has been made available to Clutton in Tokyo.[14]

[14] Le Cabinet a décidé que cette déclaration, que le gouvernement du Japon a publiée le 10 juillet, rendait les modifications à l'article 9 inutiles.
Cabinet agreed that this statement, which the Japanese Government issued on July 10, made the revision of Article 9 no longer necessary.

959.

DEA/50051-40

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-1408

Ottawa, July 11, 1951

SECRET.

Repeat London No. 1200; Permdel No. 447.

JAPANESE PEACE TREATY

Following for Wrong from Reid.

1. You will remember our discussion of last week concerning the possible effect of early signature of the Japanese Peace Treaty on settlement of the Korean war. The Minister has now agreed that you might make our apprehensions on this score known to Rusk informally. Our thoughts on the subject run along the following lines:

(a) Our main objective is to provide for some degree of stability in the Far East which, we hope, would remove the constant danger of disagreements there leading to world war. The Korean war is the most immediate danger point. Present negotiations for a cease-fire in Korea suggest the possibility of reaching agreement with the Chinese Communist Government and indirectly with the U.S.S.R. not only on a cease-fire but on some sort of modus vivendi. To rush signature of a Japanese settlement would add to the difficulties of reaching a modus vivendi with the Chinese Communist Government.

(b) How far is our main objective, referred to in the preceding paragraph, served by signing a Japanese peace treaty which so far as China and the U.S.S.R. are concerned has no effect? We recognize the good sense and realism of the terms of the treaty. If however it cannot be made really effective because of the non-association with it of two countries which because of geography and economic ties are of first-rate importance to Japan, of what real value is the treaty?

(c) We fear that the compromise proposal on Chinese participation in the treaty may tend to increase the likelihood of signature of the treaty by the Chinese Nationalist Government. If Japan chooses to negotiate with the Communist Government of China, a situation might soon arise in which a supposed ally of the United States was doing business with a recognized foe of the United States. United States public and congressional opinion would scarcely regard this development with detachment and might press the United States Government to forestall such a development by using its influence to convince the Japanese Government of the unwisdom of such negotiations.

(d) We supported the idea of concluding a peace treaty with Japan, if necessary without the participation of the U.S.S.R. and China, when it seemed certain that they would be unreasonable in their demands. However, now that substantial agree-

ment on the terms of the treaty has been reached by the non-Communist powers could we not afford to delay signature, at least until we have a clearer idea of the extent to which the Communist powers are willing to negotiate a reasonable Far Eastern settlement?

960. DEA/50051-40

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-2830 Washington, July 13, 1951

SECRET

Repeat Permdel No. 335. Repeated to Minister in Stockholm, July 14.
Reference: Your EX-1408 of July 11th.

JAPANESE PEACE TREATY

Following for Reid from Wrong, Begins: I went over most of the issues raised in your message with Rusk yesterday afternoon, making it clear that I was not addressing representations to him but was only asking for comment on some matters which seemed to be reasonable causes of worry. As I expected, I got no indication that there was any readiness to delay the timetable for the treaty.

2. Perhaps the most substantial point he made was that it was really essential that the occupation in Japan should be ended as soon as possible. Six years, he said, was a very long time for a military occupation and the sands were running out. The main purpose of seeking to attach Japan to the democratic powers would be prejudiced if there is any further delay. He mentioned the expectations built up in Japan as a result of MacArthur's repeated advocacy of an early treaty when he was Supreme Commander and of Dulles' negotiations with the Japanese Government.

3. He thinks that there is no chance that the Russians would agree to a peace treaty which would seem reasonable to the rest of us. While it is true that there is little in the latest draft which is in conflict with Russian declarations about the nature of the peace treaty, the fact is that they are bitterly opposed to the bilateral security arrangements between the United States and Japan which are a central part of the whole settlement. A main aim of their Far Eastern policy is to block such arrangements, and he suggested that one purpose of their support of a Korean cease-fire may have been to put them in a better position to achieve this end.

4. He remarked on the great change in the distribution of power in the world which the western countries are seeking to achieve within the next year or two through bringing their defeated enemies of Germany and Japan into their group, and through NATO and rapid rearmament. To prevent or hinder this process must be the central aim of Russian foreign policy.

5. I commented that I thought that the timetable for the treaty was unlikely to be fulfilled, quite apart from any Russian tactics, and asked him whether he considered it likely that the Russians would send a delegation to San Francisco. He agreed that this was possible, but said that if they did so it might only extend the conference to a fortnight or so and that the results should be the signature of the treaty in approximately its present form by the rest of us.

6. He said that he would give further consideration to my remarks, and added that he understood that the United Kingdom Government did not share our worries and was anxious that the treaty should be signed on schedule.

7. The question of Japanese negotiations after the treaty with one or other Chinese authority was discussed with Allison before receipt of your message, and the result has been reported by despatch.† Ends.

961. DEA/50051-40

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 204-51 [Ottawa], July 27, 1951

SECRET

JAPANESE PEACE TREATY

On July 23 the United States Embassy handed to the Department of External Affairs a memorandum covering the current text of the draft treaty of peace with Japan and an invitation to attend the conference in San Francisco on September 4, 1951, to sign a treaty, the final draft of which will be circulated on August 13. Attached is a printed copy of the current draft.[15]

2. This draft is still theoretically subject to amendment as a result of comment by the countries to which it was circulated, i.e. by all the countries which were in a state of war with Japan except China. However, experience has shown that the United States is reluctant to accept amendments and it is to be expected that the final draft which the Canadian government has been invited to sign will be substantially similar to the present one.

3. The treaty reduces Japanese territory to the four main islands of Japan and the minor islands around them. It restores complete sovereignty to Japan and places no curbs on its armament or any of its industries. It is also the foundation for a separate security arrangement between the United States and Japan.

4. Neither government of China has been invited to sign the treaty because the United States and the United Kingdom hold different views as to which is the

[15] Pour le texte de la version provisoire du 13 août, voir/For text of draft of August 13, see *FRUS*, 1951, Volume VI, pp. 1119-1133, 1174-1175.
Pour le texte de la version provisoire finale, voir le document 957./For text of printed draft, see Document 957.

proper government of China. Although the U.S.S.R. has been invited to attend the conference, it seems unlikely that it will accept because of the form of the invitation and the text of the treaty.

5. We have doubts about the timing of the treaty. There is a remote possibility that China and the U.S.S.R. are anxious to reach some overall settlement in the Far East following an armistice in Korea; signature of the treaty now may make any chance of a general agreement in the Far East more remote. Doubts about the wisdom of the timing of the treaty spring not from any wish to give China and the Soviet Union just the delay they want, nor from a desire to prolong an occupation which has already continued too long but from an anxiety lest the conclusion of the treaty may destroy what may conceivably be the best chance of an overall settlement in the Far East which has appeared for some years.

6. We view the wording of the claims clauses of the treaty with some reserve. It is the opinion of the Custodian of Enemy Property that the language of Chapter V is so vague as to make the administration of claims contentious. The United States has consented to a short meeting of experts from Canada and the United States to clarify the language of this chapter.

7. There are two Canadian life insurance companies which had a considerable stake in Japan before the war. An amendment to the Protocol to the treaty is likely by which our interests in life insurance should be reasonably well met.

8. Our wishes with respect to ensuring that the Japanese will not return to their prewar malpractices in fishing on the high seas have been adequately met as a result of action by the Department of Fisheries.

9. The Asian states appear to be divided in their attitude towards the treaty. While India and Pakistan have not yet made their attitude clear, it is probable that on balance they will decide to sign. Indonesia is reported to have accepted the invitation to the conference but Burma is so strongly opposed to the omission of any effective provision for reparations that the Burmese Embassy in Washington has informed our Embassy there that "the Burmese government will not sign the peace treaty with Japan as presently proposed by the United States government". The Philippines also are discontented by the lack of provision for substantial reparations.

10. There is a Protocol attached to the treaty on contracts, periods of prescription, negotiable instruments, and contracts of insurance. This Protocol is of interest only to a limited number of countries because so few had interests in Japan of the type covered in the Protocol. The Protocol is sponsored by the United Kingdom which will be the principal signatory; the United States intends to decline to sign the Protocol for constitutional reasons.

11. There are two arguments in favour of signing the proposed treaty. First, Canada has long supported the idea of an early peace treaty with Japan. It was for this reason that the Minister of National Defence attended a conference on the Japanese peace treaty in Canberra, Australia, in August and September of 1947. It is considered that, while democratic institutions are still not firmly rooted in Japan, the sheltering effect of continued occupation is unlikely to establish them more strongly. Secondly, the United States sets great store by the conclusion of a treaty at the

present time and the early termination of the occupation. This treaty is part of the United States' arrangements for the defence of the Pacific, and the responsibility for appearing to threaten those arrangements by refusing to sign would be very grave.

12. It is therefore recommended that, in spite of the drawbacks attaching to the present draft and the manner in which it was formulated, authority be granted to accept the invitation to sign a peace treaty with Japan substantially similar to that contained in the attached draft. The final draft of the treaty as published on August 13 next will be placed before Cabinet as soon as it is received with a request for final authorization to sign. At that time also the revised Protocol, taking into account the interests of the two Canadian life insurance companies, will be presented in order to seek authority to sign it.

A.D.P. HEENEY
for Secretary of State
for External Affairs

962. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 2, 1951

. . .

JAPANESE PEACE TREATY; CANADIAN COMMENTS AND SIGNATURE

10. *The Secretary of State for External Affairs*, referring to discussion at the meeting of July 18th, 1951, said that Canada had been invited to attend the conference in San Francisco on September 4th, 1951, to sign a treaty of peace with Japan. The final draft would be circulated on August 13th. Chapter V of the treaty, on claims, was somewhat vague and a meeting of U.S. and Canadian experts would attempt to clarify the language. An amendment to a protocol to the treaty was likely to cover the interests of Canadian life insurance companies. Canadian fishing interests had been met as a result of action by the Department of Fisheries. On the whole the treaty was acceptable and it was recommended that Canada be represented at the conference and, subject to approval of the final draft, that authority be granted to sign the treaty.

An explanatory memorandum had been circulated.

(Memorandum, for the Secretary of State for External Affairs, July 27th and attached draft peace treaty — Cab. Doc. 204-51)

11. *Mr. Pearson* added that it did not appear to be necessary to have a delegation attend the San Francisco meeting. It would be desirable if the Minister of Fisheries could be one of the signatories for Canada.

12. *The Prime Minister* felt that, if the foreign ministers of the principal countries attended the San Francisco meeting, it would be desirable for the Secretary of State for External Affairs to be a signatory.

13. *The Minister of Citizenship and Immigration* pointed out that, in view of the signature of the peace treaty, consideration would shortly have to be given to the question of admission to Canada of a number of persons now in Japan, some of whom were legally entitled to come to Canada. The question of immigration generally would also have to be examined.

14. *The Cabinet*, after discussion, approved the recommendation of the Secretary of State for External Affairs and agreed that:

(a) Canada accept the invitation to attend the conference in San Francisco on September 4th, 1951 on the treaty of peace with Japan; and,

(b) subject to examination of the final draft of the peace treaty as published on August 13th and the revised protocol, authority be granted to sign the treaty and protocol on behalf of Canada.

. . .

963. DEA/50051-40

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

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

SECRET [Ottawa], August 8, 1951

JAPANESE PEACE TREATY

The following outlines important developments with respect to the draft Japanese Peace Treaty since preparation of our memorandum of July 27 to Cabinet on the subject. A copy of that memorandum is attached for easy reference. We have found evidence now that the lack of enthusiasm apparent in that memorandum is shared by other countries who will be "principal parties" to the treaty.

2. On July 30, Mr. Satterthwaite, Deputy Director of the Office of British Commonwealth and North European Affairs at the State Department, discussed the draft treaty with Mr. Reid and other members of the Department. The meeting was suggested by the State Department and could be considered as a belated attempt at fulfilling at least the proprieties of consultation. Mr. Satterthwaite brought "draft" memoranda which purported to be answers to all our comments, formal and informal, dating back to May 18 which had at the time of the meeting not been acknowledged. An important outcome of the meeting was agreement by the State Department to provide the opportunity for a meeting of technical experts on the war claims clauses. Representatives of our Custodian's Office and the Department of Finance met with their United States counterparts on August 1 and 2 in Washington. While we do not as yet have detailed information on the talks we have been informed orally by the Custodian's Office that the meetings served to clear up a good many technical difficulties and were conducted in a friendly manner. The United States representative in fact said that aside from the United Kingdom the

Canadian Government was the only government which had offered helpful and reasonable comments on the draft treaty.

3. The views of interested Asian states are clearer now than at the time our memorandum to Cabinet was prepared. The Indian Government may take the lead in presenting the "Asian view". It has suggested to the United States Government the following changes in the treaty.

(a) The deletion of the provision for possible trusteeship and interim United States administration of the Ryukyus and Bonins.

(b) The cession of Formosa, the Pescadores, Sakhalin and the Kuriles to China and Russia respectively, leaving the question of when Formosa goes to China until later.

(c) The deletion of the final sentence of Article 6 (a) of the draft treaty which refers to the possible "stationing or retention of foreign armed forces in Japanese territory".

4. The last objection is probably the most important. In communicating its views to the United States Government the Indian Government has made it clear that India would not want to sign a treaty which would in effect make Japan a United States bastion against China. Japan would willingly sign a subsequent treaty with the United States and India does not object to such an agreement. The reference in the treaty to the stationing of foreign armed forces in Japanese territory however constitutes an improper infringement upon the sovereignty of Japan.

5. The Indian Government has also made it clear to the United States Government that the treaty should promote settlement of Far Eastern issues and should fit into any new arrangements likely to emerge after a Korean cease fire. The treaty should be such that China and Russia could sign it or a similar treaty later. On these points our views are similar to those of the Indian Government. Our doubts on the timing of the treaty have been expressed informally to the State Department. We have in addition questioned the necessity of the security clauses (Articles 5 and 6) both in our formal memorandum to the United States Government of May 18 and in discussion with Mr. Satterthwaite on July 30. The clauses are not legally necessary and are the ones to which China and the U.S.S.R. could not reasonably be expected to agree. Mr. Satterthwaite, after telephoning our views on this particular point to Allison on July 30 informed us that Mr. Dulles was firm on the necessity of these clauses.

6. India doubts the wisdom of the Burmese stand on reparations and has informed the Burmese Government that India saw no point for the present in a reported Indonesian proposal for a meeting in Rangoon to consider the treaty. Sir Zafrulla Khan informed our High Commissioner in Karachi that although Pakistan would be content to see Japan free of reparations, Pakistan may, because of its close relations with Burma, the Philippines and Indonesia, be forced to give these countries some support in their demands for reparations. It is probably safe to assume that no matter what particular issue is chosen by these states for criticism, their real difficulty is their desire to avoid antagonizing Communist China. They are anxious that the treaty should be such that their signature of it will not indicate any agreement to take sides in the struggle in the Far East.

7. Mr. Stikker has told our Ambassador in The Hague that certain of the United States proposals in the draft are unpalatable to the Dutch people and Government. The Dutch Government will find the war claims and reparations clauses particularly difficult to accept. We are not certain how far the Dutch protest will be carried. The French Government has made some suggestions and changes in the draft and "insists" that the Associated States of Indo-China be invited to sign the treaty. In the United Kingdom several Labour members from textile, pottery and shipbuilding areas managed to stage an impromptu debate on the draft treaty just before Parliament rose on August 2. They protested against the shortness of time spent on the treaty in the foreign affairs debate on July 25. Left Wingers also argued that the United Kingdom, a great trading nation, was having its trade "rubbed out by strategic considerations dictated purely by another nation".

8. A further point has arisen concerning the status of the territories in which in the treaty Japan renounces legal title. Our Legal Division is of the opinion that renunciation by Japan of her rights and titles in Formosa, the Pescadores, Sakhalin and the Kuriles provides China and the U.S.S.R. respectively with legal title to the territories. The Foreign Office Legal Adviser has agreed with this argument. We have not informed the State Department of our view although we have requested its views on the status of these islands. While we have not received an answer to this query it seems clear from other correspondence that the United States holds the view that the treaty does not and should not transfer sovereignty over the territories in question to China and the U.S.S.R.

9. The information set out above suggests the desirability of keeping any public statement the Canadian Government might make in support of the treaty moderate in tone. The treaty has much to recommend it but it is not without fault and may yet give rise to public differences of opinion between the United States and friendly Asian governments. Indeed these governments, apart from the Philippines, may refuse to sign the treaty. I should be grateful for your direction as to whether you consider it desirable for us to support India's stand in respect to the security clauses or whether we should leave it to the Indian Government to argue this point alone with the United States Government.

A.D.P. H[EENEY]

964. DEA/50051-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[16]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[16]

SECRET [Ottawa], August 13, 1951

I attach for your information a copy of WA-3087 of August 13† which indicates that the U.S.S.R. has accepted an invitation to the Japanese peace conference in San Francisco. According to the attached telegram the United States now plans to send two groups to San Francisco. This probably indicates the United States' intention to have strong representation at San Francisco on both the political and official levels and that the United States delegation will be prepared to deal with any objections which the U.S.S.R. may offer on details of the treaty.

2. There is increasing evidence that the conference at San Francisco may become more than a mere signing conference. We can be certain that the Soviet representatives will attempt to raise substantive issues with respect to the treaty. Indonesia has already expressed the view to the United States government that the substance of the treaty should be discussed at San Francisco. We do not know how far India will go in publicly pressing for the revisions in the security and territorial clauses which she has already suggested. Pakistan may feel compelled to offer public support to the claims for further reparations which Indonesia, the Philippines and Burma have requested. The Netherlands representative might press this same point, if only for the record, since the Dutch government is concerned with the domestic reaction it will face, if it accepts without protest the very limited compensation clauses of the draft treaty. While it is conceivable that the United States might agree to minor changes in the text of the treaty, it is unlikely that it will admit to substantial revision. However, it does seem likely that the proceedings will be extended beyond the United States idea of formal statements by delegations in support of the draft.

3. In the light of the above, you may consider it desirable to increase the Departmental complement of the delegation. You might also think it advisable to have a representative of the Custodian's office with the delegation in the event that the war claims clauses are subject to special study.[17]

A.D.P. H[EENEY]

[16] Note marginale :/Marginal note:
Mr. B. Rogers A[merican] & F[ar] E[astern] D[ivision] see Minister's note Aug 16 A.D.P.H[eeney].

[17] Note marginale :/Marginal note:
L.B.P[earson], Mayhew, Herbert Norman, *possibly* McCardle also Molson, 2 stenog[rapher]s and, if required, a representative of the Custodian's office. He could wait here until we see how things develop at San Francisco. On my return & Mr Mayhew['s?], Escott Reid could take over at S[an] F[rancisco]. [L.B. Pearson]

965. DEA/40-C-1951/1

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 213-51 [Ottawa], August 21, 1951

SECRET

JAPANESE PEACE TREATY

Authority is required for signature on behalf of Canada of a Japanese Peace Treaty and a Protocol to the treaty, the texts of which are attached. These documents were given to the Department of External Affairs on August 17 by the United States Embassy in Ottawa. A draft text, dated July 20, was circulated for the Cabinet's consideration, under a memorandum of July 27. The final text does not differ substantially from that earlier text.[18]

2. The treaty is a generous one, completely restoring Japan's sovereignty, imposing no restrictions on Japan's economy, allowing for Japanese rearmament, and requiring very limited reparations from Japan. Canada has had some opportunity to influence the text, in secret exchanges through diplomatic channels in the past six months.

3. A revision of special interest to two Canadian Life Insurance companies has been made in the Protocol to the treaty. Section E of the Protocol, entitled "Life Insurance Contracts", is the revision in question and its wording is satisfactory to the Canadian Insurance companies. The Protocol will be signed as a separate agreement by interested countries at the same time as signature of the main treaty takes place.

4. On August 14, the U.S.S.R. accepted the invitation to the conference. Previous to that, the Soviet Union had refused to participate in discussion of the drafts of the treaty which had been circulated. The Soviet delegation to the peace conference has been named and is a strong one headed by Mr. Gromyko. It is likely that the Soviet representatives will make every effort to use the conference as a stage from which to direct propaganda attacks against the policies of Western states, and particularly of the United States, in the Far East. It can be assumed that the Soviet delegation will attempt to delay signature of the treaty but it is unlikely that the conference can be sabotaged, no matter what the Soviet representatives do. It is not expected that they will sign the treaty. On August 17, a telegram was received by the Secretary of State for External Affairs, from the Ministry of Foreign Affairs of the Chinese Communist Government. The telegram contained the text of a statement by Chou En-lai, Minister of Foreign Affairs of the Chinese Communist Government, attack-

[18] Pour le texte final du traité et le protocole qui l'accompagne, voir/For the treaty's final text and accompanying protocol, see Department of State *Bulletin*, Volume XXV, No. 635, August 27, 1951, p. 349.

ing the peace treaty. The message declared that if the Chinese Communist Government was excluded from the preparation, drafting and signing of the peace treaty with Japan, it would consider the treaty "illegal and therefore null and void".

5. The conference has been called for "conclusion and signature" of the treaty on the terms of the attached text. It is certain that no basic amendments will be acceptable to the sponsoring governments. It is unlikely that even textual revision will be permitted.

6. It is therefore recommended that:

(a) authority be granted for signature on behalf of Canada of the attached treaty;

(b) the Canadian Delegate be given authority to agree to minor revisions of the treaty in the event that such revisions are accepted by a majority of powers represented at the conference, and

(c) authority be granted for signature of the Protocol to the treaty.[19]

L.B. PEARSON

966. DEA/50051-40

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-1709 Ottawa, August 29, 1951

SECRET. IMMEDIATE.

Repeat London No. 1549.
Reference: Your WA-3211 of August 24.†

JAPANESE PEACE TREATY — PROCEDURE

1. The following are our general comments on United States provisional draft of the Rules of Procedure for the Japanese Peace Conference, the text of which was contained in your telegram under reference.

2. The Rules of Procedure are unsatisfactory from our point of view in that they are alien to our parliamentary practice; nor do they resemble the Rules of Procedure employed by the United Nations General Assembly which are recognized internationally. While we fully appreciate the purposes for which these rules are formulated, we are not convinced that they provide the best method for achieving those purposes and we would find it difficult to give them our public support in their present form.

3. The one-hour guillotine is particularly distasteful to us and we believe it will be to others. We suggest in its stead that no limitation as to time be imposed for the "first round" of statements. It would be physically impossible, we believe, for each

[19] Approuvé par le Cabinet, le 22 août 1951/Approved by Cabinet, August 22, 1951.

Communist plenipotentiary delegate to speak more than three or four hours. It is unlikely that other delegations would wish in their opening statements to speak more than one hour. The net result, as we see it, would be a prolongation of the Conference by some 15 to 18 hours. We believe, in addition, that no limitation need be placed on the time allowed for Points of Order, since it is unlikely that Points of Order would be raised with respect to prepared statements of policy. Such a course would avoid what in our mind is a most invidious precedent and would get by the "first round" of the Conference without the procedural wrangle and the unnecessary ill-feeling which can certainly be expected over the one-hour limitation. We believe that the limited prolongation that would ensue is not a matter of great issue.

4. If our suggestion is accepted, we would be prepared to consider support of proposals along the lines of the first paragraph of Article 17 as presently drafted to cover the "second round" of statements and discussions. We do not believe that our suggestion, if implemented, would allow the proceedings to get out of hand, a development which we are agreed should be avoided.

5. It should be apparent to the State Department that the more acceptable the draft Rules of Procedure are to friendly governments, the more willing support will be offered in the adopting of those rules by the Conference. We believe the Soviet representatives may gain more attention by challenging arbitrary procedural rulings having little relation to the normal practice of many of the states at the Conference than would be the case if they were allowed to talk themselves out. The Treaty will be signed by a majority of the states at the Conference, no matter how vicious the Soviet propaganda attacks. We should be careful, therefore, not to offer the Soviets any grounds for additional arguments on matters of procedure in support of their probable main theme that the United States is bulldozing the treaty through with the aid of a group of satellites.

6. My immediately following telegram† contains more detailed criticism of the provisional Rules of Procedure and will amplify these general comments. I would be grateful if you would inform the State Department as soon as possible of the views set out in these two telegrams.

967. DEA/50051-40

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-3268 Washington, August 30, 1951

SECRET

JAPANESE PEACE TREATY — PROCEDURE

1. Allison was informed this afternoon of the views expressed in your messages EX-1709 and 1710† of August 29th. The detailed comments outlined in EX-1710

were left with Allison in the form of a memorandum to be considered by the State Department.

2. Allison appeared disconcerted at our general approach and expressed surprise that we should argue for rules of procedure based on United Nations or parliamentary precedent. He pointed out that the purpose of the San Francisco Conference is not for negotiation but for signature and he said that the United States Government therefore thought it not illogical that special rules of procedure should be devised to ensure that the stated purpose of the Conference should be achieved. He observed that, if the Russians wished to negotiate on the substance of the Treaty, they had had their chance in the six months during which the terms of the Treaty were under diplomatic negotiation.

3. He said that if the principle of limiting speech-making at the Conference were not adhered to, there would be no telling what the result might be. One probable result would be that the Russians would so monopolize the time of the Conference as to make it impossible for all delegates to have their say. It was thought fairer to institute a time limit which applied equally to all delegations.

4. Allison did not think that the placing of no time limit on discussion of points of order would have a happy result. He said that it would be unwarrantably optimistic to expect the Russians to confine themselves either to few or to reasonable points of order. In consequence there would have to be a succession of rulings out of order by the Chairman and challenges by the Russians which might well be less desirable, as a matter of tactics, than having established time limits for the discussion of points of order.

5. Allison said that these were only his personal opinions and that he would discuss the Canadian views with Dulles.

6. Dulles, Allison and others of the United States delegation are flying to San Francisco tomorrow. Allison said that further exchanges of views could be carried out with the Canadian delegation in San Francisco.

968. DEA/50051-40

Notes du chef de la Direction des Amériques et de l'Extrême-Orient pour la réunion des chefs de direction

Notes by Head, American and Far Eastern Division, for Heads of Divisions Meeting

[Ottawa], September 17, 1951

JAPANESE PEACE TREATY

The Conference for the signing of the Japanese Peace Treaty opened in San Francisco on September 4 and the Treaty was signed as scheduled on September 8.[20] The proceedings at San Francisco were conducted under very strict rules of

[20] Voir Canada, *Recueil des traités*, 1952, N° 4./See Canada, *Treaty Series*, 1952, No. 4.

procedure which prevented filibustering tactics and which limited the delegates' speeches on the Treaty to one hour each.[21] It was not in any sense a real conference but rather a gathering of representatives of 51 countries at which the views of each country of an already agreed draft treaty were expressed. There was no opportunity for amending the Treaty. The Treaty was signed by the representatives of 48 countries. The delegates of the U.S.S.R., Czechoslovakia and Poland did not sign the Treaty.

2. The Communist Delegations offered opposition to the Treaty on both substance and procedure. However, the impression was left that Mr. Gromyko and his associates put up only a half-hearted struggle. The debate on the adoption of Rules of Procedure gave the Communist Delegations the only opportunity to prolong the Conference and they did not seem to take full advantage of that opportunity but seemed to content to appear as victims of United States steam-roller tactics. Mr. Gromyko called a press conference in the hour immediately preceding the signing of the Treaty on September 8, at which he repeated his charges that the Treaty was a treaty for war and not for peace. His prepared statement to the press conference ended with the warning that "those who impose such a peace treaty with Japan take upon themselves all the responsibility before the peoples for the consequences of such a step".

3. The greatest interest was displayed in the statements of the Asian Delegates at the Conference. The delegates from Indonesia and the Philippines indicated their dissatisfaction with the reparations clauses of the Treaty and reserved the position of their Governments with respect to implementation of these clauses. It was apparent from the speeches of most of the Asian delegates that those countries, which must live in proximity to Japan, were not completely convinced that the "peace of reconciliation" with Japan would be entirely successful. Each of them offered cause why it would be difficult for their countries to forget Japanese wartime aggression.

4. The Japanese Delegation to the Conference was headed by the Prime Minister Mr. Yoshida. Shortly after his arrival in San Francisco Mr. Yoshida called on the representatives of countries which Japan had occupied during the war. Throughout the Conference he called on the Heads of other delegations, including Mr. Pearson. Aside from these formal calls, the Japanese Delegation pursued a cautious and discreet course throughout the Conference proceedings. (RESTRICTED)

E.H. NORMAN

[21] Voir/See United States, Department of State, *Bulletin*, Volume XXV, No. 638, September 17, 1951, pp. 450-452.

SECTION B

PÊCHERIES DE L'OCÉAN PACIFIQUE NORD
NORTH PACIFIC FISHERIES

969. DEA/4606-D-40

Rapport du sous-ministre des Pêcheries

Report by Deputy Minister of Fisheries

CONFIDENTIAL Ottawa, January 31, 1952

TRIPARTITE FISHERIES CONFERENCE CANADA-JAPAN-UNITED STATES, IN TOKYO, NOVEMBER 5TH-DECEMBER 14TH, 1951

1. This conference on North Pacific Fisheries questions was called by Japan, with invitations going only to the United States and Canada. In the Japanese Peace Treaty the Government of Japan had undertaken to enter promptly into negotiations with other nations with respect to the conservation of fisheries resources in the high seas. Although the Peace Treaty had not yet been ratified by a majority of the signatory countries or by the United States, the Supreme Commander had given the Government of Japan ad hoc powers to negotiate a fisheries treaty on equal footing with Canada and the United States.

2. The Canadian representatives at the conference were the Honourable R.W. Mayhew, Minister of Fisheries, Mr. Stewart Bates, Deputy Minister of Fisheries, Mr. E.T. Applewhaite, M.P., Mr. Arthur R. Menzies, Canadian Diplomatic Representative in Tokyo, Mr. S.V. Ozere, Legal Adviser, Department of Fisheries, Dr. John L. Hart, Director, Pacific Biological Station and Mr. John M. Buchanan, President, British Columbia Packers, Limited.

3. The Japanese delegation included the Minister of Agriculture and the Vice/Minister of Foreign Affairs, but they were present only at the opening and closing plenary sessions. The negotiations were conducted by the Honourable Iwao Fujita, Director of the Fisheries Agency, Mr. Masao Sogawa of the Fisheries Agency, and Mr. Jun Tsuchiya, Director of the European and American Affairs Bureau of the Foreign Office. The remainder of the Japanese delegation comprised industrial advisers, members of the House Committees on Fisheries and officials of the Foreign Office.

4. The United States delegation was headed by Mr. W.C. Herrington, Special Assistant to the Under-Secretary of State. Two other Washington officials and five industrial advisers made up the remainder of the United States delegation.

Background

5. The main concern of Canada and the United States was that species of fish in the Eastern Pacific seas which had been conserved by us jointly or severally should not be open to free fishing on the part of the Japanese. The conservation of these main species (salmon, halibut, herring) has been costly to both Canada and the

United States, to the governments, and to the fishing industries. The stocks so built up, however, spend most of their lives on the high seas where there is a generally accepted right of free fishing for all nations. Before the last war, Japanese factory ships had crossed to Bristol Bay area but had met strong diplomatic protests from the United States. With the improvement in fishing techniques, Japanese factory ships are now able to fish at even greater distances from their home bases and to do this economically. The loss of the Kamchatka salmon fishery to the Russians might be expected to lead to an intensification of Japanese fishing on the North American side of the Pacific. The limitation of other resources following her defeat might likewise be expected to induce Japan to try to make still greater use of the free resources on the high seas. For long she has been the world's leading fishing nation and the above conditions all suggest her need for a still further development of this basic industry.

6. To provide some satisfactory protection against these possibilities the United States Government pressed Japan to convene this tripartite fisheries conference.

United States Draft Treaty

7. When the United States Government was preparing the terms of the general Peace Treaty, its Mr. Foster Dulles reached an agreement with Prime Minister Yoshida of Japan who announced in February, 1951, that Japan would prohibit her nationals from carrying on fishing operations in the conserved fisheries of other countries until negotiations for fisheries treaties could be undertaken. The United States State Department thereupon prepared a draft fisheries treaty† that would be supplemental to the peace treaty itself. The preliminary United States draft was shown to the Canadian Government in April and there followed prolonged discussions on the principle of the treaty to be negotiated. Only on the eve of the conference itself did Canada and the United States reach agreement on the kind of treaty they wished to negotiate with Japan. Indeed the conference had to be postponed for three weeks to permit settlement of the Canadian-American differences before their delegations proceeded to Japan.

8. The first United States draft proposed certain principles. In brief, the suggestion was that nations through bilateral or multi-lateral agreement should abstain from the exercise of their right under International Law to participate in the harvesting of a high seas fishery resource (a) when a country has that resource under scientific study and (b) when a country regulates its fishermen to conserve that resource and (c) where that resource is already fully utilized on a sustained yield basis. If two of the parties have thus investigated, regulated, and utilized a fishery, the third party should waive its rights.

9. This principle was hedged by exceptions. (1) No party should waive its right if it has been or is exploiting that fishery on a substantial scale or (2) No party should waive a right to any resource in the high seas contiguous to its territorial waters or to a fishery harvested by some country not party to the treaty.

10. The United States draft also contained machinery for studying and carrying out the application of these principles through the establishment of a Commission on which the three governments would be represented. Other clauses related to enforcement and the like.

11. In the initial discussions with the United States Government, Canada indicated that these principles gave her insufficient protection. Canadian fishermen had not established fishing operations to any extent along the Alaskan coast or along the coast of the United States proper. The application of these principles in the future might put Canada in the position of being asked to waive her right to fish salmon or other resources in these waters. The United States fishermen, however, have historically fished the British Columbia coast and could not be asked to waive rights anywhere from the Behring Sea southwards. Canada also felt that her relations with the United States in these waters were unique but that the three-way treaty being proposed by the United States could, if it had the powers of excluding Japan from the certain fisheries, contain also the power to exclude Canada.

12. A further exception, therefore, was put in the United States draft at our insistence. It provided that because of inter-mingling of fishing stocks, operations and joint regulation programmes, neither Canada nor the United States would be asked to waive fishing rights in the high seas contiguous to the coasts of Canada and the United States, from and including the Gulf of Alaska southwards. In short, no matter where the principles applied, only in the Behring Sea could Canada be asked to abstain from fishing.

13. This clause was embarrassing to the United States from the beginning because in effect it said while we were both subscribing to these principles, we were making an exception in their application down our whole coasts from the Gulf of Alaska to the south. This clause was to prove difficult in the negotiations with the Japanese, since they interpreted the United States draft principles as restricting only Japan, with Canada and the United States being exempt under this clause.

14. Canada, however, had to insist on its insertion. Canada, making a bilateral treaty with the United States alone on fisheries, would not have accepted a treaty with such principles. The exception mentioned above had therefore to be added to prevent these principles being enforced against Canada, and to leave Canadian-American relations unchanged in the whole fishery from the Gulf of Alaska southwards. By reason of this exception, the door could still be left open for a later fisheries treaty of any type between the United States and Canada.

15. The proposed treaty and the principles embodied in the United States draft were referred to Cabinet for approval before the Canadian delegation proceeded to Japan.

General Features of Tokyo Conference

16. After the opening plenary session the conference resolved itself into two Committees, a Committee on Principles and Drafting and a Committee on Biology.

17. The latter Committee did not meet for some time because the head of the United States delegation felt that the biological questions should not be discussed with the Japanese until there was agreement on principles. We disagreed with this view. We felt that meetings of the biologists of the three countries would acquaint each with the general and particular biological problems of the North Pacific, that they would provide the men who might later be servicing the proposed International Commission with chances for exchanging views and ideas, and that the biological discussions on the fishery resources themselves and their relation to

principles, would help to allay Japanese fears as to the extent of exclusion the United States and ourselves had in mind. The mill of negotiations must have grist: the conference could not grind out a treaty so long as the Japanese were unaware of the species from which they might be excluded: until then, the principles were a mill without grist.

18. These views were not, however, acceptable to the United States and they were able to defer the meeting of the Biological Committee until the fourth week of the conference. This contributed to delay because the final, and one of the most difficult, questions of the whole conference was a biological one. After the treaty was drafted and ready for signing — with the exception of the Annex — the Biological Committee was still at work on the Behring Sea problem (discussed later).

19. The Committee on Principles and Drafting met daily, the chairman alternating between the three countries. It took some three weeks to reach agreement on general principles. Thereafter, this Committee, which had been a committee of the whole, was replaced by a small drafting committee of three from each country. Throughout the proceedings of all committees, translations had to be made and this, too, contributed to the lengthy negotiations.

United States Position and Actions

20. The United States draft was in itself a compromise of many American views — views of the fishing industry, views of the Fish and Wildlife Service, and divergent views within the State Department itself. In Washington in May we met the United States State Department when it had four distinct views within it: one from the international lawyers, another from the economists, a third from the Far Eastern Division and a fourth from the Fisheries Section.[22] Within itself therefore, the United States had had a problem in reconciling views, and the United States draft treaty contained quite a delicate adjustment of these. Consequently, at the Conference, the head of the United States delegation had little room to manoeuver.

21. This circumstance quite frequently affected the American attitude at the conference. Occasionally it appeared as if the United States intended to force its document on the Japanese. Because of the Occupation, the fact that the Peace Treaty was not yet ratified in the United States, and because the head of the delegation had spent four years in Japan and was aware of the weaknesses in Japan's own conservation programmes, the United States delegation at times resorted to what might be described as more than peaceful persuasion of the Japanese. This had an effect on the Japanese delegation itself; their Fisheries Division was apt to resist this type of pressure and to discuss the treaty on its own merits, while their Foreign Office representative was constantly mindful of the United States. He in turn would exert pressure on Fujita, the Director of Fisheries. During negotiations if some particular point seemed difficult to reach agreement on, the threat that the United States would go to Premier Yoshida for a decision was implicit. On two occasions it was explicit and on one occasion was actually exercised. We feared that this type of pressure would enable Fujita and the Japanese fishing industry to state in the future

[22] Voir le document 956./See Document 956.

that they had not accepted the particular point and that it had only been forced on them in the conference by external American Government pressure.

22. On the first day of the conference we discussed with the head of the United States Delegation the method of presenting his draft. We recommended that the draft, as a draft, should not be shown and that in the beginning only the clause covering the principles and the exceptions should be presented to the conference. Following such a discussion on principles we thought the other parts of the draft might be brought out piece by piece as the conference progressed. The head of the United States delegation differed from this view and declared that he intended to present the whole draft to the conference on the day following the plenary session. These meetings were in camera and he was anxious that the Japanese industrial advisers who were present should see the draft as a whole. This course was followed. Unfortunately, on the day after its presentation, the United States draft was published in full in a Hokkaido newspaper. This leak produced rudeness from the Americans and embarrassment on the part of the Japanese. The United States ability to manoeuver was reduced still further, since their proposals now became a matter of comment in the public press.

23. The Japanese embarrassment, however, extended beyond the copyroom of the Foreign Office. They felt it incumbent on them now to prepare a Japanese draft.† This Fisheries Conference, it will be recalled, was the first that the Japanese had attended for many years, and to justify their position they felt it necessary, now that the United States draft was in the press, to have a quite distinctive and different Japanese draft. Accordingly, the first week of sessions at the Committee on Principles was devoted to discussions of the United States draft, the second to the presentation and study of the Japanese draft and the third to the attempt to reconcile or harmonize these. In passing it may be said at this point that the Japanese proposals were based on the principles underlying the International Whaling Convention — that is, a respect for conservation laws and procedures but with no exclusion of any country from the exercise of its right to fish the particular resource under these conservation laws.

24. Another condition that led to delay and misunderstanding came through the offer of the head of the United States delegation to explain the United States draft. The document itself was quite explicit. It had already been cleared with the various branches in the United States, including the legal officers. Mr. Herrington's explanations tended to confuse rather than elucidate its principles and exceptions. The Japanese seemed to think Herrington was being evasive, and this led them to very close questioning of the United States draft — Fujita showing excellent insight into the problem during the course of the proceedings. One example of this confusion will suffice. In Article VII of the American draft there was a provision that the Commission shall "study any fisheries resource specified in the Annex for the purpose of determining annually whether such resource continues to qualify for waiver or whether wider access under effective conservation arrangements can be developed". In explaining this provision, Herrington said that the word "or" meant "and if so". We insisted that it meant "and if not". The Japanese seized upon the American interpretation since it might permit them entry into fisheries that would other-

wise be closed, and it was only through long argument that the Americans could be extricated from this wrongful interpretation of their own draft.

25. Another point of interest to us was the character of the American delegation itself. The whole group, both officials and advisers, was different in personnel from that which had negotiated the North West Atlantic Fisheries Treaty two years earlier. The Japanese, however, made frequent references to the Atlantic Treaty and in some particulars would have liked the Pacific Treaty to be similar in nature. No member of the American team, however, was familiar with the Atlantic Treaty, and therefore able to explain its clauses and the rationale and raison d'être of each.

26. The composition of the United States delegation seemed to have been poured from an unusual mould. Unlike the other two delegations it had no parliamentary representatives. It was heavily weighted with industry advisers. It had no senior representation from SCAP or the American Embassy in Tokyo. It seemed an incomplete team, and its nature was a little mystifying to the Japanese from the beginning.

27. Perhaps fish merchants are apt to be rough. They certainly created the impression among the Japanese that they intended to get something in the fisheries treaty they thought they should have had in the Peace Treaty itself — namely a complete exclusion of the Japanese from the Eastern Pacific. The Japanese delegation began to fear that the Security Treaty was only the first of a series of American pressures on them that would eventually produce a group of treaties which, taken together, might prove to be the equivalent of a Carthaginian peace.

28. Because of this the Japanese delegation gradually looked more and more to the Canadian delegation to be fair and impartial. On two occasions the head of the Japanese delegation came to our Embassy much disturbed over American-Japanese differences and asked us to use our good offices in finding a reconciliation, without which they threatened to withdraw completely from the negotiations. Our delegation was in an unusually difficult position and the role of mediator was not easy to play. We had made definite commitments to the United States before leaving for Japan. We had too insisted on the insertion of a clause in the treaty that for the most part excluded us from the application of its principles. Our own failure to subscribe completely to the principles made it difficult for us to persuade the Japanese to accept them and our previous commitment to the Americans made it equally difficult for us to persuade them to abandon them.

Japanese Position and Attitudes

29. The Supreme Commander had indicated "that the Japanese delegation will negotiate and conclude the said international convention on the basis that the Government of Japan possesses ad hoc sovereign equality with the governments of Canada and the United States". With the Occupation, the Security Pact, the unratified Peace Treaty, with the nation "moulting, sick, in the dreadful wind of change", this declaration — meant to be magnanimous — merely pointed up the underlying weakness of the Japanese bargaining position. In the negotiations the Japanese delegation often revealed their doubts on their bargaining position with the United States. The United States delegation was quite content to leave this doubt in the Japanese minds, and as mentioned earlier, occasionally to confirm the doubts by

referring to the possibility of going to a higher authority for a decision on some knotty point.

30. From time to time therefore the Japanese delegation seemed to be testing the limits of United States' resistance to Japanese interests. To some extent this was being done for interests beyond fisheries. Attached to the Japanese delegation but unnamed, was a group of post-war diplomats who were having their initial experiences in international negotiations. This group of onlookers swelled in numbers on each occasion in which there were differences between Canada and the United States. Mr. Tsuchiya of the Foreign Office confided their interest in Canadian-American relations, in watching how the Canadians handled themselves in the face of American opposition, how they resisted United States pressures, and sought to effect United States compromises. Tsuchiya mentioned that after ratification of the Peace Treaty, Japan under its Security Pact with the United States, feels that her relations with the great power may be in some respects like those of Canada. Hence the interest of the Foreign Office in watching every move made between Canadians and Americans.

31. Another circumstance affected the whole Japanese thinking on this treaty. For the immediate future, their most important relations in fisheries are likely to be with Asiatic countries, with Russia and China, with Korea, with Indonesia, Australia, all of whom desire a rigorous exclusion of Japanese fishing vessels from their adjacent seas. The Japanese had therefore to test the principles of the United States draft and its exceptions against all of these possible Asiatic relations, to ensure that no part of this treaty — in principles, in exceptions, in enforcement regulations or in the Commission structure — could possibly be used as a precedent against them in treaties with any of these other countries.

32. The current attempt to codify Japanese laws in general added to this problem. Since this treaty will become Japanese law, any of its clauses might become part of a code that they would have to apply to other fisheries treaties.

33. The condition mentioned in the previous paragraphs produced another result which in turn had features of its own. While there was a constant problem of getting accurate translations between the English language and Japanese, the Japanese delegation were obviously aiming at imprecision in the final wording of clauses. This was being done purposely so that they could later interpret the treaty and its terms with some degree of latitude. On one point on which there was a sharp difference between the Japanese and the Canadians, they suggested we leave the English text in a way that would suit us while they would make the Japanese text conform to their own wishes! This honest dishonesty prevented our congratulating ourselves on our moral superiority but led us to insist that no clause in the treaty should read in opposite ways in the different languages. The incident added zeal to the efforts of the Americans and ourselves to see that language and translation would be as precise as possible. The senior translator at the Canadian Legation, Mr. Iwamoto, was very helpful in this particular.

34. This kind of thing, and the subsequent struggle for unanimity of understanding and identity of language in the two texts helps to explain the protracted negotiations.

35. As we moved into the Sub-Committee on Drafting after there had been general agreement on principle, we found that each article was treated, not so much as a part of the final draft, but as an entity in itself. Indeed, the whole treaty, it might be said, was reviewed in each clause. Matters of principle that we thought were settled weeks before would come up again and again for new consideration or for qualification. They would dwell so long on a single article that we feared it would take them prisoner. But not so. Each clause gave them another chance to question the principles of the treaty itself, to argue for the inalienable right of free fishing on an equal footing with all on the high seas, to battle the Canada-United States principles that would result in their exclusion from certain fisheries. They knew, as Charles James Fox said, that the same reason dished out in ten different forms was as effective in debate as ten different reasons. Each article in the Treaty therefore allowed them to revive the one idea — the right of free and equal exploitation of fisheries everywhere. In consequence their arguments were frequently free of the trammels of logic! Their argument often presupposed that reason never controls human affairs: the United States draft presumed that it always does.

36. In this atmosphere, it became a matter of outlasting them in negotiations. One of the Japanese industrial advisers warned me early in the meetings that it had taken Mr. Fujita many months to complete his negotiations with the Russians in Moscow before the war. He went on to say that following our treaty the Indonesians would be in Tokyo. I asked when the Indonesian negotiations started and was told that it would be December 17th. Our treaty was concluded on December 14th and I think negotiations had lasted by then just as long as the Japanese had wished.

37. One feature that may be worthy of note was the frequent discussions between the Japanese delegation and the Fisheries Committee of the Diet. All questions of principle had to be cleared by Fujita with the Committee during the course of the conference — a point that might indicate a growth of more democratic procedures, and new strength of the elected representatives as against bureaucrats.[23] Coupled with this was Fujita's occasional concern as to how he could explain away some compromise being suggested to him, and on more than one occasion he specially asked for the advice of the other delegations as to how he could interpret the particularly difficult point to the Diet.

38. For quite other reasons, it should be noted too that when the conference opened, the Chairman of the Fisheries Committee in the House of Councillors and the Chairman of the Fisheries Committee in the House of Representatives were both numbered among the advisers to the Japanese delegation. At one point in the negotiations, when the Japanese delegation conceded their willingness to abstain from the exercise of fishing rights in the Eastern Pacific, these elected representatives dissociated themselves from the subsequent proceedings. This was done without fuss and at the time we were inclined to interpret this action as having only local political significance — in the sense that neither of these chairmen would wish to have their names associated with a treaty in which Japan waived its rights

[23] Note marginale :/Marginal note:
Or else the Japanese have learned U.S. obstructing tactics. C.S.A.R[itchie]

to fish. Another set of later events may, however, give this action a different significance.

39. The Japanese wished to have a treaty of only five years duration, the Americans wished fifteen and a compromise was made at ten. During private discussions with one of the Japanese industrialists, he mentioned that for the next five years Japan would not wish to fish our side of the Pacific, since she had to build up her long-distance fishing fleet and since these would, in the interim, likely be going only as far as the Behring Sea anyway. The nature of the remarks, and the manner of their making, left a hint that we might, at the expiration of the treaty, have to face the whole issue anew.

40. Still other factors add to this impression. Japan agreed to abstain from fishing salmon, halibut and herring in the Eastern Pacific. Under the same principles she could have asked Canada and the United States to abstain from fishing some species around her coasts. She refused however to ask for such abstention on our part. In private we quietly pressed for some explanation of her attitude but none was forthcoming. Thus Japan has subscribed to the principles but has refused to apply them in her own interest. She thereby makes it patent that the treaty is for the sole advantage of Canada and the United States of America. Is she thereby following a course that will permit her to say later she subscribed only under duress of the Occupation and the unratified Peace Treaty, and that since she did not apply the treaty in her own interest, she will be free, in the eyes of the world, to abrogate it at the end of the treaty period?

41. Two other later events might be mentioned. The Honourable Mr. Nemoto who signed the treaty was dismissed from the Cabinet within a week of its signing. We believed this was due to his rice policy which had been under criticism in the Diet. Since returning to Canada, Mr. Narita, the Japanese representative in Ottawa, informed me within forty-eight hours of its happening, that Mr. Fujita had been dismissed from the service. He was the Director of Fisheries, one of the most senior of all civil servants in Japan, in our view the ablest man at the conference, with a keen legal mind and a deep insight into all the international fisheries relations of his country. His dismissal seems to fit into the above pattern of incidents.

42. Their self-interest prompted the Japanese to be vague in the declaration of principles, to be flexible in the model of the Commission, to be loose in treaty language, to hide and not reveal true intent. These things they were unable to achieve. But the above pattern of incidents, the action and reaction within Japan, may hint what broods in the deep recesses of the official Japanese imagination. Perhaps the treaty may prove to be, in A.N. Whitehead's phrase "nothing but an average stability of certain events in a set of agitations".

The Issues Before the Conference

43. The main questions are covered in a separate memorandum† attached hereto and prepared by S.V. Ozere, the Legal Adviser to the delegation. That part of this report gives article by article a summary of the issues, and the reasons for the articles taking the particular form they have.

44. One part of the treaty — the Annex and the Protocol — is not referred to in the attached notes and some comment here is necessary.

45. The Annex lists the particular species that Japan has agreed to abstain from fishing, and that we and the United States have agreed to continue to conserve. Annex, paragraph 2 refers to the Behring Sea question, as does also the Protocol.

46. The Behring Sea issue did not come up until the whole treaty had been drafted. As the conference was drawing to a close, it suddenly became confronted with a major question — namely the intermingling of salmon stocks in the Behring Sea, the stocks going to Asia and to North America respectively. The winds of the Behring Sea did not, however, ventilate our brains on this issue. It was late. There was fear of the unknowns on the part of both the Americans and the Japanese. The Japanese knew the fishery in the area more intimately than anyone else and knew much about the intermingling of the stocks. With the loss of their fisheries in Kamchatka, with the Russians imprisoning any Japanese fishermen found anywhere up to fifty miles off their coasts, the Japanese wanted a substantial area in the Behring Sea to fish for the Asiatic-bound salmon. Neither we nor the Americans knew anything of the migratory routes or of the intermingling of the Asiatic and Alaskan salmon in the Behring Sea. The Americans wished to hold the Japanese off as far as possible from Alaska to ensure that they would not trap the runs of red salmon going to Bristol Bay. A compromise was needed and it had to be geographical, a corridor, a zone or a line.

47. We pleaded for a corridor, an area of no-fishing in the middle of the Behring Sea where the stocks intermingle, with the Japanese fishing on the left of the corridor, taking salmon as they headed out for Asia, and the Americans on the right taking salmon as they headed out for Alaska. In the end the conference did what it had set out not to do. It drew a line, the line specified in Annex, paragraph 2. (See official printed report of Tripartite Fisheries Conference, Pages 103-4 for Canadian Delegation's comment on the compromise.) The line sets out an area roughly from Alaska to 175°W longitude in which both Canada and Japan have agreed to abstain from fishing salmon.

48. The Japanese had argued cogently that if a line to be drawn it should be at 170°W. This the Americans would not accept and the final compromise pleased neither. Nor did it please the United States State Department in Washington. In the last hours of the conference Herrington had to make several phone calls to Washington as they sought some other solution. His delegation of industrial advisers had all returned to the United States and some of them, too, had to be phoned. Only at noon on the day of the signing of the final document did he receive final consent from the State Department — with their non-committal statement that they would sanction the line if it were approved by Mr. Sebald, the United States Political Adviser in Japan. He did approve and Herrington was able to be present for the signing at 4 P.M.

49. Because all three parties disliked the idea of any geographical zone, a protocol was added to the treaty to draw attention to the unique nature of this problem. It was agreed that the line should be only provisional, and the protocol instructs the Commission to put priority on the study of the intermingling of stocks in that area and to recommend other appropriate action to the governments. Should the commission fail to make a recommendation, the matter may be referred to a special

committee of three disinterested persons, no one of whom shall be a National of a contracting party, for the determination of the matter.

50. This final solution was satisfactory to us. Under the terms of the treaty we had to abstain from fishing salmon in the Behring Sea although other species may be taken if our fishermen wish to go so far afield. The study of the intermingling may well prove, however, that there is interconnection between salmon stocks in the Gulf of Alaska and in the Behring Sea. If this is so proven, the United States can no longer ask us to abstain from salmon fishing in the Behring Sea itself. (See Article IV Proviso No. 3.)

Treaty Procedure

51. It will be noted that at the final plenary session the heads of the delegations did not sign the draft convention itself. They signed only the Resolutions and Requests. One of these resolutions is a recommendation to the governments that the draft convention be considered and approved by them. When this is done the Convention will be signed in Tokyo.

52. This arrangement was made because the Japanese Peace Treaty has not yet been ratified and Japan is unable to sign a draft fisheries convention until her sovereignty is restored. The necessary ratification of the Peace Treaty is not simply by Canada and the United States but by the majority of the signatory countries. The draft fisheries convention need not, therefore, come before the Canadian Parliament in the spring of 1952 since the Peace Treaty is unlikely to be ratified until later in the year.[24]

[24] Pour la Convention internationale concernant les pêcheries hautières de l'océan pacifique nord voir Canada, *Recueil des traités*, 1953, N° 3.
For the International Convention for the High Seas Fisheries of the North Pacific Ocean, see Canada, *Treaty Series*, 1953, No. 3.

CHAPITRE XI/CHAPTER XI
AMÉRIQUE LATINE
LATIN AMERICA

PREMIÈRE PARTIE/PART 1
BRÉSIL
BRAZIL

970. DEA/2588-40

Note

Memorandum

CONFIDENTIAL [Ottawa], December 12, 1951

BRAZIL: COMMERCIAL RELATIONS WITH CANADA

Present Canadian trade policy towards Brazil is governed by the GATT, to which both countries subscribe. We exchange most favoured nation treatment under our trade agreement of October 17, 1941. Due to shortage of dollar exchange, Brazil has a quite strict import control directed against all hard currency countries.

Brazilian import controls have latterly had a drastic curtailing effect on their imports of Canadian codfish. We have been trying to have them accept some Newfoundland codfish, to which they indicated their willingness on the condition that we make newsprint available to them.

The Economic Division of this Department and the Department of Trade and Commerce are desirous of keeping the Government out of this transaction, and are satisfied that the private entities are making slow but satisfactory progress. The firms involved are: for codfish, NAFEL (Newfoundland Associated Fish Exporters Limited) through their Brazilian agents and other importers; and for newsprint, Bowaters Limited. No action is needed, and our Embassy in Rio has promised to keep us informed of developments.

Resulting from the problems raised at the time of these negotiations it was decided to ask the International Trade Relations Division of the Department of Trade & Commerce to make a general investigation of Canadian-Brazilian trade relations. Their summary, dated July 1951, is attached. It covers general factors, and on Page 7 reviews the history of the codfish negotiations.

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction des Relations internationales du commerce du ministère du Commerce

Memorandum by International Trade Relations Division, Department of Trade and Commerce

CONFIDENTIAL

[Ottawa], July, 1951

SUMMARY OF INFORMATION ON CANADIAN - BRAZILIAN TRADE RELATIONS

1. *Canadian Trade with Brazil*

Canadian Exports

In the four years 1945-1948, Brazil was Canada's largest market in Latin America, taking over $101 million worth of goods out of total Canadian exports of $404 million to all Latin America in the same period. Canadian exports to Brazil during this period included: wheat flour, codfish, woodpulps, newsprint, farm machinery, sewing machines, aluminum, copper, asbestos, electrical equipment, chemicals and a host of consumer goods.

In July 1949, Brazil initiated strict import restrictions in trade with the hard currency area. A wide range of Canadian products has been affected thereby, and Canadian exports to Brazil have declined sharply from their peak 1947 levels. Brazilian import restrictions are still in effect, although they have been relaxed since Korea in the case of items in short supply.

Canadian Exports to Brazil

(In million Canadian dollars. DBS statistics)

1947	1948	1949	1950	4 months 1950	4 months 1951
31.6	28.6	17.2	15.8	2.9	8.6

Many of the Canadian products that have been affected by Brazilian import restrictions are items considered non-essential by the Brazilian authorities, such as: whiskey, apples, radios and refrigerators. Others are non-continuing items such as ships, which added over $8 million to our export figures in 1947 and again in 1948.

However, several Canadian items of a more essential nature, and traditional to our trade, have been seriously affected. The following are the main products under this heading:

Codfish, wheat flour, wood pulp, sewing machines, newsprint (until the Korean war).

The only important categories of Canadian exports to Brazil that have not experienced a general decline are: farm machinery and electrical equipment.

Canadian Imports

Imports into Canada from Brazil consist mainly of coffee (over 60% in value), followed by cocoa, nuts, sisal, waxes, oils. Due principally to the increased value of

coffee, Canadian imports from Brazil have been rising in value as our exports to Brazil declined:

Canadian Imports from Brazil

(In million Canadian dollars. DBS statistics)

1947	1948	1949	1950	4 months 1950	4 months 1951
13.8	20.5	21.1	28.2	7.1	12.7

Balance of Payments

Brazil's unfavourable balance of trade with Canada in the immediate postwar period turned into a clearly favourable balance after 1949 as a result of Brazil's import controls and of rising prices for coffee.

Balance of Trade

(In million Canadian dollars. DBS statistics)

	1947	1948	1949	1950	4 months 1950	4 months 1951
Canadian Imports from Brazil	13.8	20.5	21.1	28.2	7.1	12.7
Canadian Exports to Brazil	31.6	28.6	17.2	15.8	2.9	8.6
Brazil's Trade Balance	−17.8	−8.1	+3.9	+12.4	+3.2	+4.1

Brazil's favourable trade balance with Canada is even more satisfactory than appears from the statistics when account is taken of the substantial imports of electrical and other equipment from Canada, paid for by Brazilian Traction out of I.B.R.D. loans and not from current trade receipts. In January 1949 the I.B.R.D. extended Brazilian Traction a loan of U.S. $72.4 million, of which the equivalent of U.S. $40.5 million had been drawn by October 1950. Of this amount, several million dollars were in all probability spent by the Company on Canadian electrical and other equipment.

On the other hand, Brazil's *balance of payments* with Canada includes a continuing *deficit* item of about $14 million (Canadian funds) released each year by Brazil for the payment of Brazilian Traction dividends. Not even at their high point in 1950 were her earnings from trade with Canada sufficient to meet this item.

2. Improvement in Brazil's General Position

Present Position

The decline in Canadian exports to Brazil has been paralleled by a sharp fall in U.S. exports to Brazil after 1949. This trend has been the result of three main factors:

(i) Brazilian import restrictions against hard-currency goods, originally imposed to compensate for the heavy post-war drain of exchange and the accumulation of commercial arrears.

(ii) Renewed overseas competition, from the U.K., Belgium, Norway and W. Germany, by means of bilateral trade agreements and barter transactions.

(iii) Rapidly increasing industrialization in Brazil itself (i.e.: wheat flour, paper, rubber tires, iron and steel manufactures, pharmaceuticals, textiles, cement). For

example, Brazilian steel production in 1950 is estimated to have saved Brazil over US$ 40 million in foreign exchange, which would have had to be spent on imported steel.

As a result of these factors and of high world prices especially for coffee, but also for cotton, cocoa, carnauba wax and tobacco, Brazil's overall dollar balance has shown a marked improvement. This improvement has been accentuated by events following the outbreak of the Korean war.

Rising export earnings in 1950 went largely to clear up commercial backlogs which stood at US$ 226 million in October 1949. In 1951, a major part of foreign exchange earnings will be used to reduce a large backlog of frozen remittances on foreign investments.

Thus, although Brazil's trade balance on dollar account has been running a surplus of over $250 million (average) in 1949 and in 1950, holdings of gold and foreign exchange are up much less than the trade balance.

Bank of Brazil foreign exchange assets which stood at U.S. $402 million in December 1949, had fallen to U.S. $270 million by June 1950 and have been rising to $391 million by March 1951. Gold assets have similarly risen from a low point of U.S. $586 million in June 1950 to U.S. $708 million in March 1951.

Short-run Prospects

In the immediate future a narrowing of Brazil's trade surplus with the dollar area may be expected. This would follow from increased imports of essential materials and machinery for stockpiling purposes (imports from the U.S. this year are up almost 40 per cent from the 1950 rate). Although coffee prices are expected to remain high and coffee exports have risen from last year's record rate of $60 million a month to $85 million a month in 1951, there are reports showing that U.S. imports of coffee have been running ahead of consumption so that stocks are piling up.

But with her commercial debts and her financial arrears liquidated, and with import restrictions on non-essentials still in effect, Brazil will probably continue to finance her increased dollar imports without difficulty. Brazil may be expected, therefore, to increase her level of dollar expenditures. On the other hand, in their desire to obtain adequate supplies of scarce materials, the Brazilians may be expected to maintain strict import controls on non-essential dollar products, this latter with strong protectionist overtones.

Long-term Prospects

Brazil, with a population of over 52 million, is already the most highly industrialized and one of the most rapidly developing countries in Latin America. Sao Paulo, for example, is today the world's fastest growing city.

Present restrictive policies, coupled with high world prices for coffee and other Brazilian products, have contributed to the improvement of Brazil's balance of payments position. A more fundamental long-term factor in strengthening Brazil's economy is the growth of new industries in Brazil and the exploitation of as yet undeveloped mineral resources.

In the long run, Brazil could well become the most important expanding market in Latin America, and one based on an increasingly stable and diversified economy.

The increased industrialization of Brazil may cause a shift in the traditional composition of Canadian exports to that market, but it is possible that future exports will be at even higher levels than in the past.

3. *Canadian Trade Policy Towards Brazil*

Present Canadian trade policy towards Brazil is governed by the GATT, to which both countries subscribe. Canada and Brazil exchange most-favoured-nation treatment in all tariff and trade matters under the Trade Agreement between the two countries dated October 17, 1941.[1] Canada and Brazil are both bound under the GATT to non-discriminatory application of import restrictions.

Brazil's import restrictions conform to the balance of payments escape clauses of the GATT since they are directed against all hard-currency countries and not against Canadian products as such.

The Department of Trade and Commerce has facilitated private compensation or barter transactions undertaken by Canadian firms. Such private barter transactions have been carried out by Canadian codfish exporters, for example. The difficulties inherent in such complicated dealings have been made even greater by the Brazilian Government's limitations on the range of products available for barter. Only "surplus products", difficult to sell in the dollar markets, have been permitted for barter by Brazil. Under new Brazilian regulations, only those barter transactions approved before February 1951 are now permitted, thus practically eliminating any possibility of arranging further private barter deals for the present.

The suitability of our present trade policy to deal with the serious situation for our exports in Brazil, was questioned by the Canadian Ambassador, Mr. J. Scott Macdonald, in his report of April 3, 1950 and again in November 1950. In these reports, the Ambassador urged that the advisability of entering into a *bilateral trade agreement* with Brazil be seriously considered.

Following a detailed study of the various measures that could be taken by Canada, (see: ISCETP Document No. 51-3, circulated to all Trade Commissioners under Circular Letter M1725),† the Canadian Ambassador was advised as follows:

"A bilateral agreement with Brazil would appear to be neither desirable nor feasible under present conditions. It would represent a major change in Canadian trade policy, requiring the imposition of discriminatory trade controls in contravention of GATT, and would react unfavourably on Canada's commercial relations with other countries.

"Measures of a retaliatory nature whether under GATT or outside GATT, are strictly limited in number, and would likely cause more harm than good for our total trade. Such measures should be employed only as a last resort.

"In view of Canada's strong economic position at present, and of Brazil's improving exchange position, it would appear advisable to adopt a policy of

[1] Voir Canada, *Recueil des traités*, 1941, N°. 18./See Canada, *Treaty Series*, 1941, No. 18.

continued pressure for the easing of restrictions against those dollar goods of particular importance to us and traditional for the Brazilian market.

"Such pressure could stress the undertaking under GATT, Article XII 3(c)(iii), "to apply restrictions (to safeguard the balance of payments) in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party". Emphasis should also be placed on Brazil's increasingly favourable exchange position.

"The next meeting of the GATT Contracting Parties in September 1951, could provide an opportunity for a thorough review of Brazil's import restrictions and of her exchange reserves. In the light of this review, the justification or otherwise of continued import restrictions by Brazil will become clear."

4. *Codfish Exports to Brazil*

(i) Brazil (in particular Northern Brazil) has long been one of the most important traditional markets for Newfoundland salt codfish.

Prewar exports of Newfoundland cod to Brazil ranged between 25 and 31 million pounds. In 1948 exports amounted to about 13 million pounds (almost $2 million), representing 33 per cent of Brazil's total imports of cod in that year.

In 1949, as part of its stringent import restrictions, Brazil imposed a complete ban on dollar imports of codfish. This ban is still in effect, and since that time only small quantities of Canadian fish have been exported on a private barter basis. In 1950, only about 250 thousand pounds of codfish were permitted entry into Brazil from Newfoundland, roughly 0.5 per cent of all Brazilian imports of cod in that year.

(ii) Norway has now become Brazil's chief supplier of codfish, providing nearly three-quarters of the total quantity imported in 1950. Exports of Norwegian codfish to Brazil rose from 16 million pounds in 1947 to 30 million pounds in 1949. Norwegian supplies are entering under a long-term barter arrangement which provides for the direct exchange of codfish for Brazilian coffee. Similar facilities for the exchange of coffee have been denied Canadian codfish exporters, on the grounds that only inferior grades of coffee, unsuitable for the dollar market, were being allowed in the barter arrangement with Norway.

(iii) In December 1949, the Canadian Ambassador to Brazil made formal representations to the Brazilian Government with respect to the urgency of securing import quotas for Canadian codfish and sewing-machines.

In November 1950, the Canadian Ambassador was asked to make the "strongest representations" to the Brazilian government to re-open the Brazilian salt fish market to Canadian exporters.

In February, 1951, Mr. Howe gave the Brazilian Ambassador to Canada a memorandum strongly urging the relaxation of import controls on codfish. This memorandum noted the substantial improvement in Brazil's dollar position, recalled the provisions of the GATT under which "unnecessary damage to the commercial interests" of another country were to be avoided in the application of import restrictions, referred to the fact that coffee had been made available for barter with Norwegian

exporters but not to Canadian firms, and outlined the importance of Canada's traditional interest in the Brazilian salt fish market.

In May 1951 the Brazilian authorities convened a conference with Canadian representatives in Rio for a full discussion of the problem. After prolonged discussion, the Brazilians said they would be prepared to sanction the import of codfish only if (a) specified quantities of newsprint, aluminum and tinplate were also made available by Canada, or (b) if Canada would increase her imports of surplus Brazilian products, such as rice, oranges, nuts.

In reply to these proposals, it was again pointed out that the Canadian Government is not in a position to enter into commitments as to products which are subject to private business control. However, at the request of Mr. Howe, the Newfoundland Provincial Government would attempt to have the Bowater's Pulp and Paper Mills make available additional supplies of newsprint for Brazil, in order to encourage that country to purchase supplies of cod from Newfoundland.

Preliminary reports lead to the hope that some 5,000 tons of newsprint may be made available for Brazil in 1951 under this arrangement, which would permit the entry into Brazil of codfish to the value of approximately 1/2 million dollars this year.

5. Conclusions

(1) Brazil has traditionally been an important market for Canadian codfish, wheat flour, newsprint and a wide range of other products, many of which have been kept out of Brazil since 1949 due to strict dollar-saving import restrictions.

(2) Brazil's import restrictions are legitimate under GATT and do not discriminate against Canadian products as such, as compared with other hard currency products. They have undoubtedly contributed to Brazil's greatly improved balance of payments position.

(3) From the long-term point of view, Brazil, as the largest and most rapidly developing country in Latin America, should again become the most attractive market in that area.

(4) Unless there is evidence to the contrary, Brazil's present restrictive policy must be regarded as a necessary temporary step in rehabilitating the Brazilian foreign payments position for the future. As long as no new problems develop, the objective for Canada should be to maintain as firm a foothold as possible in the Brazilian market, in anticipation of the day when Brazil will again become Canada's best customer in Latin America.

(5) With respect to codfish, in particular, we have strong grounds for continuing to press for a lifting of import restrictions by Brazil.

2e PARTIE/PART 2

CUBA

971. DEA/9100-X-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], February 6, 1951

CUBA AND EMPIRE PREFERENCE ON SUGAR; TORQUAY TARIFF NEGOTIATIONS

This matter was discussed today in the Interdepartmental Committee on External Trade Policy. Mr. Abbott will probably raise it in Cabinet tomorrow.

2. Some three weeks ago Mr. Hector McKinnon reported from Torquay to Mr. Abbott that the Cubans were demanding elimination or at least some reduction in our Empire preference on sugar. This preference of approximately a cent a pound means that virtually all Canadian imported sugar comes from Empire sources and the great bulk of it from the British West Indies.

3. The question was reviewed by officials who concluded that the cent-a-pound preference had little economic advantage for Canada. Canadians were paying an extra cent for their sugar; on the other hand the advantages which Canada had obtained in exchange for the preference — advantages for Canadian exports in the West Indies and other Empire markets — had been largely wiped out by the dollar-saving import restrictions of the sterling area. On the other hand Canada cannot reduce the preference without getting the concurrence of the Empire countries concerned who would certainly raise objections. The United Kingdom has been faced with grave economic and political difficulties in the British West Indies in recent years. The Canadian preference is working in a way that helps the United Kingdom to ensure steady sales of West India sugar in Canada at prices nearly one cent above the Cuban price. West Indian production is likely to remain relatively inefficient and the extra cent is considered valuable.

4. Accordingly Mr. Abbott sent instructions back to McKinnon to say that Canada was not willing to open the whole question of Empire preference on sugar at this time. It was pointed out that the Torquay negotiations were drawing to a close. The hope was held out that we would be willing to bargain on a broader basis at a later date.

5. However, the Cubans have refused to take no for an answer and they have considerable reason on their side. They might claim that Canada was refusing to bargain in good faith under the GATT in which all members are bound to pursue the objective of lowered tariffs and preferences. They have asked us for sugar concessions before and have been refused. They can point out that the sugar policy of the United Kingdom is designed not merely to maintain but actually to expand

sugar production in relatively inefficient places, including the British West Indies, and this in competition with the relatively efficient Cuban operations.

6. Accordingly the Cubans have now warned that if we continue to refuse to negotiate on sugar they will consider withdrawing tariff concessions that they made in Canada's favour at Geneva four years ago. Unfortunately they made concessions to us on at least two items which are politically vulnerable in this country: codfish and seed potatoes.

7. Of course we might hit back. Their exports of products such as pineapple to us are politically sensitive in Cuba. On the other hand it would be a most unhappy situation if, when the general results of the Torquay negotiations were brought into Parliament later this session, the most spectacular result was active trade warfare between Cuba and ourselves at the particular expense of exporters in our Maritime Provinces.

8. At the Interdepartmental Committee it was generally agreed:

(a) We should not simply stand pat on our refusal to negotiate the sugar preference.

(b) The matter should be explored further both with the Cubans and also with the United Kingdom. At some stage a three-cornered discussion might prove necessary.

(c) Possible Canadian concessions might be:

(i) A moderate reduction of the Empire preference, i.e. a reduction in the M.F.N. rate while the Empire rate remained the same. The chief effect of this would be that the United Kingdom and/or the West Indies would get a slightly lower price for sugar sold to Canada; at present they sell at the Cuban price plus almost the whole of the one-cent preference. Thus the long term subsidy to high cost sugar areas would be reduced. On the other hand the Cubans would not sell any sugar to Canada in the immediate future so it is doubtful whether they would accept this offer.

(ii) A bulk purchase of non-Empire sugar (from Cuba and other sources). The purchase would cover a certain quantity of Canadian imports — say 100,000 tons out of our current imports of 600,000 tons. Surprisingly enough this would not damage the United Kingdom or the West Indies to the extent that would appear at first sight. The Commonwealth and Empire are not self-sufficient in sugar. The United Kingdom is already buying several hundred thousand tons of Cuban sugar (and is negotiating a long term contract with Cuba at present). If Canada buys less sugar from the West Indies and more from Cuba the United Kingdom will presumably buy more from the former and less from the latter. Hence the need for three-cornered discussions mentioned above.

(iii) A variant of (ii) would be to allow a certain quota of non-Empire sugars — say 100,000 tons — to come into Canada at Empire preference rates. It was the opinion of the Interdepartmental Committee that this device was rather less clean-cut and less certain in its effects than the bulk purchase.

(d) If any of the three concessions mentioned above were offered to the Cubans it would be in return for substantial new tariff concessions by Cuba in favour of

Canadian products, if possible, products of the Maritime Provinces. In other words we would not offer a concession merely to induce the Cubans to maintain the status quo.

9. The conclusions of the Interdepartmental Committee seem to be acceptable from the point of view of this Department.[2]

A.D.P. H[EENEY]

972.

DEA/9100-X-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 GATDEL 3

Ottawa, February 10, 1951

SECRET. IMMEDIATE.

Following for McKinnon, GATT Delegation, Torquay, from Abbott, Begins: Reference your No. 280, February 2nd.†

1. It is desirable to try to find a solution which will avoid, if at all possible, a tariff war with Cuba. We have considered implications of an offer to Cuba under which Canada would undertake bulk purchase of world sugar (non Empire) of 100,000, repeat one hundred thousand tons, in each of next three years, or grant a tariff quota for the same amount. Owing to administrative features involved the choice between these two alternatives must be at our option. You might explore with the United Kingdom, BWI and Cuba whether in the circumstances this proposal offers the possibility of agreement with the parties concerned. You should discuss proposal with these parties in the order you consider advisable.

2. If acquiescence from parties affected cannot be obtained we would wish to reconsider our position since we do not envisage a situation where denunciation of existing preferential agreements is involved.

3. You should explore also, as alternative, possibility of shifting discussion of this matter into arena of International Sugar Council, since from many points of view problems involved can more appropriately be dealt with through machinery of an international commodity agreement. Ends.

[2] Le 9 février 1951, le Cabinet a décidé que la délégation à la Conférence Torquay ferait savoir à Cuba et au Royaume-Uni que le Canada était disposé à acheter 100 000 tonnes de sucre cubain en vertu d'un contingent ou d'un achat en vrac.
Cabinet agreed on February 9, 1951 that the delegation to the Torquay Conference indicate to Cuba and the United Kingdom that Canada was prepared to buy 100,000 tons of Cuban sugar under a quota or bulk purchase arrangement.

973. DEA/9100-X-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 433 London, February 21, 1951

RESTRICTED. IMMEDIATE.

Following for Abbott from McKinnon, Begins: Re your GATDEL No. 3 of February 10, 1951. Since its arrival on the 13 instant we have carried on exploratory talks with the Cubans necessarily feeling them out on both alternatives but without committing ourselves to either, or to quantities. Resulting from yesterday's meeting we can now state definitely that the Cuban position is that they want to negotiate on the basis of an allocated, repeat allocated, bulk purchase. Since they are firm on this point we cannot profitably pursue discussions until informed (a) if government is prepared to use bulk purchase device, and (b) if so, is prepared to contemplate allocation. Relevant consideration for you apart from matter of mechanics is that other important non-preferential suppliers may later similarly seek allocation. In the interests of our commercial relations with such suppliers and the principles of GATT any such representations could not be ignored.

2. Following definite advice as to Cuban preference re method we held exploratory talk with special representative of colonial office sent from London for purpose. As we had expected we found him greatly perturbed at prospect of any deal but emphatically favouring bulk purchase over tariff quota, which latter we warned was still alternative possibility. This dislike of tariff quota method undoubtedly would hold with other Commonwealth producers, none of whom as yet we have consulted.

3. Colonial office representative confirmed in general Cuban statement already reported to you that United Kingdom is giving consideration to large bulk purchase of Cuban raws. He revealed also that their firm hope and expectation had been that higher priced preferential raws would continue to supply entire Canadian requirements.

4. Since Cuban emphasis on allocation will continue regardless of technique to be followed, we would appreciate urgent reply.

974. DEA/9100-X-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 384 Ottawa, March 1, 1951

SECRET. IMMEDIATE.

Following for McKinnon from Abbott, Begins: Re your No. 433 of February 21, 1951.

1. You are authorized to negotiate with the Cubans on the basis of a Canadian bulk purchase of one hundred thousand tons of non-preference raw sugar. For your own information, we have in mind purchase by Canadian Commercial Corporation which would act as agent for government and which would re-sell to refiners. Undertaking in any agreement would be directly by Canadian Government.

2. Regarding question of allocation we agree with your view that we could not (repeat not) properly avoid, under provisions of GATT, allocation to other non-preference suppliers on non-discriminatory basis if requested. Consequently you should press Cubans to accept proposal for bulk purchase of one hundred thousand tons of non-preference raw sugar at world prices in which case lowest cost source would get the business. This would be most fully in accord with principles and spirit of GATT. If agreement cannot be reached on this basis you might explore as a secondary alternative an undertaking to divide purchases between Cuba and Dominican Republic (other supplies inconsequential) in proportion of historical shares in Canadian market, but such purchases would have to be at world competitive prices. Obviously, we cannot give firm undertaking to purchase when there is no firm undertaking to supply and no commitment from suppliers regarding prices.

3. Respective historical shares of Cuba and Dominican Republic in Canadian market would appear to be approximately sixty per cent Cuba and forty per cent Dominican on basis of average of five prewar years and five post-war years. If post-war years only are taken Dominican share would be even higher.

4. I assume that if agreement can be reached with Cuba on bulk purchase proposal it would make it possible not only to avoid tariff war with Cuba but to secure some further concessions for Canadian exports by way of some reduction of United States preferences or reduced duty. This is needed to help justify here special bulk purchase arrangement. Ends.

975. DEA/9100-X-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 686 London, March 21, 1951

RESTRICTED

Following from McKinnon to Abbott, Begins: Further re your No. 384 of March 1st. After numerous meetings our negotiations with Cuba have broken down. We have refused to consider an allocated quota as involving difficulties government would find almost insuperable. They will proceed to basis of unallocated but refuse if same is restricted to global amount authorized in yours under reference. It is obvious that their tactic is to inflate global to point where Cuban share even though unallocated would be about your present global figure. Our unwillingness to recommend enlargement of latter is due to our considered opinion that anything in nature of appreciable tariff concessions would not, repeat not, be forthcoming in any event. Cuban delegation has now notified officially further withdrawals under Article 28 comprising major portion of Geneva schedule. This situation will not be cleared up by yielding to Cuban blackmail at this (point?) and delegation's position will not change unless we receive specific instructions to the contrary. Ends.

976. DEA/9100-X-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 9 Ottawa, March 24, 1951

RESTRICTED. IMMEDIATE.

Following for McKinnon, GATT Delegation, from Abbott.
Reference your No. 686, March 21, 1951, negotiations with Cuba. Begins: Both Mr. Howe and myself are very disturbed over the threatened breakdown in the negotiations with Cuba and over the prospect that the outcome of the Torquay discussions will be followed by a worsening of the trading position of the Maritime provinces in particular, in the Cuban market. You should therefore urgently endeavour to prevent this from happening. As you know the Maritime provinces have never been happy over the B.W.I. agreement and this dissatisfaction would be greatly reinforced if our Commonwealth sugar preference policy would now lead to a further deterioration in alternative markets. It is possible that such increased dissatisfaction, having in mind the recent further reduction for fish outlets in the

B.W.I., will place the continued operation of the existing B.W.I. agreement in jeopardy.

2. Consequently the United Kingdom also has an important interest in preventing an outcome which results in a worsened position for us. You should discuss position with the British with a view to securing their assistance so that joint bargaining power of two countries is used to bring about a result which is satisfactory to us. You should tell the British delegation that unless this is possible, you are authorized to increase Canadian offer to Cuba from one hundred thousand tons to one hundred and fifty thousand tons, which on an allocated basis would give Cuba about ninety thousand tons.

3. Clutterbuck was in to see me today to inform me of the concern of his government over the offer we have already made to Cuba. I explained to him the Canadian position along the lines of the above and told him also the substance of my instructions to you. He said he would communicate immediately with his government regarding our attitude and further proposals. Ends.

977. DEA/9100-X-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 734 London, March 28, 1951

RESTRICTED. MOST IMMEDIATE.

Following for Abbott from McKinnon, Begins: This urgent message is sent in anticipation of immediate response by Cuban Government to sugar proposal agreed between the two delegations.

2. To make possible Cuban revalidation of Geneva schedule by closing date we must have ready to hand to their delegation a draft note affirming our agreement to purchase sugar as outlined to Deutsch by telephone yesterday and through him confirmed by you last night.

3. We proposed the text set forth in the fourth paragraph of this message. As drafted it deliberately leaves all technical details to be worked out by commercial experts in Ottawa, such as the meaning of the word purchase, the place of purchase, the question of origin, terms of purchase and so forth. At earliest possible instant we must have text approved by you for consideration by Cuban delegation prior to Torquay deadline. Draft text follows.

4. In each of the calendar years 1951, 1952 and 1953, the Government of Canada will purchase 150 million pounds avoirdupois of Cuban raw sugar on the basis of the price of sugar in the world market at the time of purchase. Details will be worked out in Ottawa by the appropriate agency of the Canadian Government in consultation with Cuba. Ends.

978. DEA/9100-X-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 GATDEL 14 Ottawa, March 28, 1951

RESTRICTED. IMMEDIATE.

Following for McKinnon, GATT delegation, Torquay, from Abbott.
Reference your No. 734 March 28, 1951, Cuban sugar.

1. Department of Trade and Commerce advise that Canadian undertaking to Cuba should be stated as follows: Begins: The Government of Canada will ensure the purchase at world market prices by Canadian refineries or otherwise of 150 million pounds avoirdupois of raw sugar out of supplies made available to the world market by the Cuban Government within each of the calendar years 1951, 1952 and 1953. Ends.

2. As indicated to you in a previous telegram it is intended that the purchases of Cuban sugar would be carried out by the Canadian refineries acting as agents of a Canadian Government Crown corporation. The refineries would purchase Cuban sugar in the ordinary commercial way at such times and in such amounts from time to time within each year as is in accord with commercial considerations. Adjustments in duty so as to enable the refineries to purchase Cuban sugar up to a total amount specified in the agreement would be arranged between the Canadian Government Crown corporation and the refineries. Consequently, in order to carry out the undertaking in the proposed agreement there is no need for further detailed arrangements or discussions between the Canadian and Cuban governments. Accordingly the last sentence in your paragraph four has been dropped from our text.

PCO

979.

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 128-51 Ottawa, May 1, 1951

The Canadian Delegation at Torquay, having signified its acceptance of the compensation offered by Cuba for four items of relatively small importance withdrawn under Article XXVIII of the General Agreement on Tariffs and Trade, and Cuba having revalidated until January 1st, 1954 Schedule IX of Tariff Concessions granted to Canada at Geneva, the Canadian Delegation was directed to assure the Cuban Delegation that the Government of Canada will ensure the purchase in the

market by Canadian refiners or otherwise of 75,000 short tons of Cuban raw sugar within each of the calendar years 1951, 1952 and 1953, out of supplies made available by Cuba to the world market. The undertaking also included that sugar so purchased should be shipped from Cuban ports, imported into and not re-exported from Canada.

The Canadian Delegation also assured the Delegation of the Dominican Republic that should other exporters of non-preferential sugars with a traditional interest in the Canadian market, including the Dominican Republic, wish to receive allocations on a comparable basis for themselves, their position under the General Agreement on Tariffs and Trade would be accorded careful and sympathetic consideration. At the same time it was understood that the total of all Canadian commitments in this regard would not be in excess of 150,000 short tons per year.

The immediate necessity for honouring these obligations exists only with Cuba in that no approaches with regard to 1951 sugar requirements have been made by other governments outside of the Commonwealth nor are they expected in 1951 due to other existing arrangements for disposal of present crops.

From initial discussion with Canadian sugar refiners, it is understood that they will readily co-operate by purchasing 75,000 short tons of their total annual requirements for domestic consumption for the three years affected, provided that by remission of duty the landed cost of these purchases at the refineries will be so adjusted as to equalize it with what the landed cost of Commonwealth raw sugar would be for the same date of purchase.

Authority is necessary formally to advise the Canadian refiners of this undertaking to equalize the landed cost of Cuban with that of Commonwealth raw sugar. In view of their existing commitments for the purchase of Commonwealth raws, which already extend to the month of August, and in view of the upward trend of sugar prices, it is important to establish the basis for the purchase of Cuban as quickly as possible.

It is intended that a statement covering each importation, indicating the amount of duty remission necessary, will be certified by the Sugar Adviser to the Department of Trade and Commerce before presentation to the Department of National Revenue. These statements will be subject to audit.[3]

C.D. HOWE

[3] Approuvé par le Cabinet, le 3 mai 1951./Approved by Cabinet, May 3, 1951.

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